

The independent news provider for the global tissue business

TWM

TISSUE WORLD MAGAZINE

ROMANIA flies the flag
Retail tissue on a roll in Country Report

CAPACITY ... it's the biggest issue in tissue today.
TWM charts the world's new project additions
in our PROJECT SURVEY

Plus: INCPEN reviews product protection and resource efficiency
Paper Machine Technical Theme
Spotlight on Algeria's Faderco



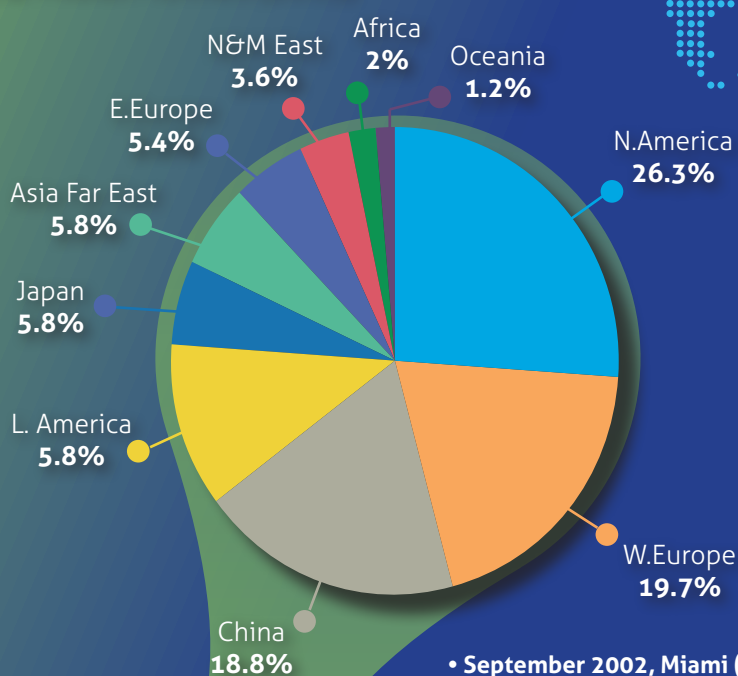
Connecting dots *Tissue World*



TISSUE INDUSTRY

World Tissue Consumption by Region

32.4 Million Tonnes (2013)*



Global Consumption:
32.4 Million Tonnes (2013)*



Total Expected Global
Consumption Growth by
14 Million Tonnes (2013 – 2023)*

*Source: RISI

TWM
TISSUE WORLD MAGAZINE



TISSUE WORLD MAGAZINE

- 6 issues a year
- 7 focused sections per issue: *Front Issues, Market Issues, W Country Report, Operations Report, Technical Theme and Exit Issues*
- 6,744 annual circulation via print and mail
- 200,747 impressions annually online version

• September 2002, Miami (USA)

Tissue World Americas, the newest event in the Tissue World series established as the first event under the portfolio being held outside Europe.

- Dedicated to the soft hygienic tissue paper business in the North and South American markets, Miami was the logical location for Tissue World Americas as it is easy to reach from all major cities and often called the "Gateway to the Americas".

• September 2002: Launch of *Tissue World* magazine

1993

- **March 1993, Nice (France)**
Tissue World event launched.

2002

2004

• December 2004, Shanghai (China)

A new **Tissue World China** (now known as **Tissue World Asia**) event takes place for the first time at the state-of-the-art Shanghai New International Exhibition Center (SNIEC).

- The show was designed to attract tissue makers, converters, executives, traders, analysts, distributors, buyers and suppliers, and tailored for the entire Far East market. China being the dominant force behind the Asian tissue capacity increase and Tissue World China in Shanghai gathered these dynamic markets in one place.

Expanding the

• September 2014, Istanbul (Turkey)

The launch edition of **Tissue World Istanbul** successfully at the WOW Convention Center attracting over **300 tissue professionals** as Tissue World Istanbul 2016 which will feature a trade show and conference will be held from 27 – 29 September at the Istanbul Congress Center (ICC).

d 1993-2015

TISSUE WORLD

Attracting over **7,300** unique tissue industry professionals as participants (Includes trade show visitors, exhibitors, delegates, speakers, media/press, sponsors and VIP guests)**

22 years since Tissue World established its first event in Nice, France in 1993

5 events across the globe including a combination of trade shows, conferences and networking receptions held concurrently

1 publication that serves as the independent news provider for the global tissue business - *Tissue World* magazine

**Includes participants from Tissue World Barcelona 2013, Tissue World Americas 2014, Tissue World Istanbul 2014 and Tissue World Asia 2014.

GAZINE

which include
World News,
Report,
ues
print
ally on the

TISSUE WORLD WEBSITE

• **50, 170** unique users visit the website annually

• **264,890** total page views



Portfolio for a Greater Reach

(key)
ul was held
er in Istanbul
s participants.
ure a trade show
September 2016

• May 2015, São Paulo (Brazil)

The launch edition of *Tissue World São Paulo* which will be held in May 2015 will focus on Brazil and South America, a fast growing market that did not have a dedicated tissue show yet to refer to. Brazil is an immense and unique country with a set of strict rules and regulations that operators must abide by in order to leverage its undisputed potential. While other neighbouring countries equally show great potential, in particular Colombia, Peru and Chile.

2014

• **July 2014**
Tissue World magazine presented a new and exciting magazine layout with enriched content.



2015

TISSUE WORLD BARCELONA 2015

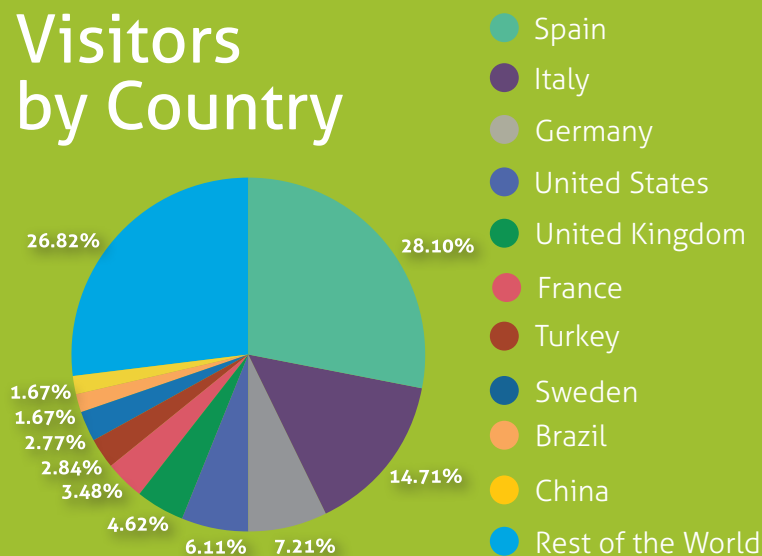
The flagship event will be held
from **17-19 March 2015** at
Fira Barcelona: Gran Via (Hall 1)

A TRULY GLOBAL EVENT!

PARTICIPANT STATISTICS (2013 EDITION)

- **2,815** tissue professionals
- **190** exhibiting companies
- **92** countries represented

Visitors by Country



Tissue World Barcelona 2015 is where key tissue players and influencers meet to navigate the way forward for the global tissue industry and do real business!

The 2015 edition which will be 10% larger will bring together regional and international exhibitors showcasing the latest products and solutions in tissue manufacturing and converting with focus on product innovation, sustainability and operational efficiency.

Featuring over **25** unique presentations, the conference will see a stellar panel of high-level speakers. The theme of the conference is **Exploring Future Sustainable Growth Prospects for the Tissue Industry and Technological Advancements in Process Optimisation of Tissue Manufacturing and Converting.**

You simply can't afford to miss it! **Register to attend today!** Visit www.tissueworld.com/Barcelona to register

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The latest from Tissue World Asia 2014;
Romanian tissue producer *Petrocart's*
director general Adrian Vais

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TISSUE WORLD MAGAZINE

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Trade Show & Conference
17 - 19 March 2015
Fira Barcelona: Gran Via (Hall 1)
Barcelona, Spain

REGISTER TO ATTEND!

Visit www.tissueworld.com/Barcelona

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If you're in the tissue industry, then you MUST be at
Tissue World Barcelona 2015!

Join the flagship event in Barcelona established since 1993, Tissue World Barcelona is where key tissue players and influencers meet to navigate the way forward for the global tissue industry and do real business!

EXPLORING FUTURE SUSTAINABLE GROWTH PROSPECTS FOR THE TISSUE INDUSTRY, PRODUCTS DIVERSIFICATION AND THE IMPLICATIONS FOR THE RETAIL SECTOR

- › How is the macroeconomic overview impacting the EU tissue market?
- › How is the price war affecting EU tissue competition?
- › How is the EU market reacting to the challenges posed by Chinese mills?
- › How is sustainability helping companies save money?

YOU SIMPLY CAN'T AFFORD TO MISS THIS OPPORTUNITY!

Tissue World Barcelona 2015 will include a 3-day trade show and conference programme, featuring leading local and international exhibitors, workshops and technical conference sessions besides various other show floor activities providing a networking platform like no other!

Portfolio



Organised by



Official Magazine



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The great balancing act

There is a real sense across the industry of a waiting game being patiently played out. That there is massive potential for growth across so many regions of the world is made clear to TWM as we go to get the best kind of intelligence ... from the players themselves on their home patch.

That there is problematic overcapacity as many companies don't want to miss out on profiting from that future potential is also too clear. The reaction is still ongoing.

We have seen a lot of tissue capacity closure and postponements over the past few years, especially in China. In 2014, this was accelerated when the likes of global tissue giants Asia Pulp & Paper and Hengan International announced they were substantially delaying their aggressive expansion plans across China and Indonesia.

Their response was in reaction to critical oversupply and heavy competition. It's too early to say whether closing or delaying capacity expansions will help the overcapacity situation - it remains the most serious issue facing the industry. The effect on the demand and supply situation is not decisive and not enough to counterbalance all the new projects planned to come on stream.

This issue's Project Survey gives you the latest details of new tissue capacity announced by the PM suppliers and through our own research that will come on stream or are planned for during 2014 and 2015.

Romania: A classic model of potential growth

Romanian consumers, their pockets flush with more Leu than they have been used to in recent years, are keen on a bargain. No surprise there. The good news is that they are becoming well placed to find one.

The key to success in Romanian tissue is appearing to the consumer to offer value for money, and particularly expanding into previously untouched rural areas.

Petrocart's director general Adrian Vais summed up the market succinctly when he told TWM: "Globalisation is everywhere, but not in tissue here, not even in converting. And that makes it very interesting."

At first glance, the potential of the US\$160 million Romanian market could easily be overlooked. Closer inspection reveals all the ingredients of an enriching tocaniță (Romanian hot stew) simmering

nicely. Disposable incomes are rising, the economy is steadying, and underdeveloped tissue categories are springing to life resulting in a tissue value growth of 5% and volume growth of 4% in 2013 and 2014.

Romania's geography links Europe with the Balkans and the Middle East, and coupled with the country's rapidly changing demographics it holds a lot of promise. Retail

giants such as Carrefour and Metro have seized upon this and over the past few years have invested aggressively.

The arrival of supermarkets and discount stores have had a big impact which resulted in a lot of changing trends and instigated a consumer shift from standard to economy tissue products. Private label - although not at the level of the monopoly of the Germany tissue market - dominates more and more. Kitchen towels are the standout category, with a value growth of 7% in 2013, the highest of any category.

Available market share is being fought over by mainly local players with small shares, although Sofidel and SCA also have a presence. Competition could bring much success.

Tissue World Barcelona 2015

Preparations for tissue's most prestigious trade show are well underway, and Tissue World Barcelona promises to be as good at breaking records as Spain's favourite Argentinean Lionel Messi himself.

Happy New Year!

For everyone who has just celebrated a New Year, TWM would like to wish everyone throughout the world of tissue a 2015 of much happiness, increased sales and expanding bottom lines.



Helen Morris

*Editor,
Tissue World magazine*

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TISSUE WORLD is published bi-monthly. The subscription price is US\$400 per year for 6 issues. Subscription is free for qualified subscribers in the tissue industry.

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Subscription online at www.tissueworldmagazine.com

In *Tissue World* all measures are metric and all dollars (\$) are US dollars, unless otherwise stated.

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Thinking inside ... and outside the box

The EU is in danger of missing the point as it reviews policy on packaging. Product protection – including tissue products - and overall resource efficiency are much more important than a marginal increase in recycling rates.

Last year, the European Commission reviewed its policy on packaging. The focus was almost exclusively on what should be done with packaging at the end of its life, and it largely overlooked the role of packaging throughout the supply chain. The new proposals that followed also ignored the fact that 10 times more resources are used to make products than to make the packaging that protects them. They therefore underestimate the need to allow sufficient flexibility for companies to choose the most appropriate packaging for their supply chain, whether that packaging is recyclable or not.

These changing trends are important for the tissue industry. Fitness for purpose (product protection and overall resource efficiency) is much more important than a marginal increase in recycling rates. The Commission's approach is understandable because policymakers, in common with people, are largely unaware of the stresses and strains that products have to endure on their journey from production to retailer. In many ways by the time a product arrives at a store its packaging has done much of its job.

Many people don't consciously notice packaging until they have used the product. So the first time they become really aware of it is when it is empty and needs to be recycled or discarded. However in recent years there has been a shift in attitudes. People are now talking about the need to conserve resources, the importance of reducing waste, as well as reducing energy consumption, all of which are key aspects for all sectors that deal with packaging to take into consideration.

It's good to see a holistic approach receiving so much attention but packaging manufacturers and retailers have been doing all these things for many years – you could say they are our *raison d'être*. It's only a shame that – even now – most people still dismiss packaging as a waste of materials.

The things to remember:

- Without packaging consumers wouldn't be able to buy well over 90% of the food they currently do... all tissues, liquids, powders, granules, all imported foods like coffee and oranges, let alone fragile, costly things like computers and televisions. This very much applies to tissues.



- Companies need to be profitable and packaging materials cost money and reduce profits, so no company is going to intentionally use packaging it doesn't need. Companies have a strong commercial incentive to do more with less.

- All companies need to meet the public and policymakers' expectations that their products and services will fulfill needs at the lowest environmental and social impact. One way to show this is to make continuous improvements to products. The compressed tissue box is a good example.

Compression technology has enabled a shallow box to contain the same number of tissues as a larger standard box. It's also a win/win for a company because making more efficient use of resources (materials, energy, water) makes business sense.

Packaging isn't just chosen to help manufacturers maximise profits – it is designed to help consumers too. There are dozens of innovations that have been introduced without fanfare but which have benefited the environment and made a huge difference to consumers.

Take the development of detergent liquitabs and tablets to deliver a measured dose and prevent consumers using more than needed. The tablets need more packaging but



© Kleenex

By The INCPEN's director **Jane Bickerstaffe**



Thai Lay's potato chips

the overall environmental impact of cleaning clothes is reduced.

Take also the gradual light-weighting of bottles and cans so they use less material in manufacture and less fuel for delivery to the retailer, or the increasing availability of single person-sized helpings, including single pack toilet roll or tissue products which are increasingly popular in certain parts of the world. They match the demographic trends we are seeing as more people are living alone (and even within families eating alone). And of course there are large sized packs too, for bigger families.

There are re-sealable packs for foods like cheese, to protect the cheese once opened, and stop it drying out. There are calorie-counted packs to help reduce waste and waist-lines, ready prepared chilled and frozen meals for busy people, with another amazing innovation that we take totally for granted: packaging that can go from freezer to oven.

Some people object to wrapped fruit and vegetables and that's their choice. Most shops offer a loose version too. But by choosing 'loose' you have not significantly reduced the packaging

needed, because to get grapes from Israel, bananas from the West Indies or even carrots from a nearby farm, strong protective transport packaging is needed. Wastage rates from a big box of items all tumbled together are higher than from pre-packed bags or trays. And fruits and vegetables that have been packaged are fresher than those that have not.

Companies are constantly looking for ways to reduce and improve

packaging. But there's a balance to be struck: reduce the packaging too far and the contents end up wasted.

There's no single 'best' kind of packaging – it needs to be suited to the product. It isn't appropriate to pack drinks in a paper bag, or meringues in a glass jar. Heavy glass is the only way to pack champagne though - and paper bags are perfect for mushrooms.

Choosing and designing appropriate packaging for each product is a science, and focusing on a single aspect, such as making the packaging recyclable after use, can badly distort the decision-making process.

What we have long realised, and what many others still don't seem to have realised is that packaging is already doing those things everyone is now calling for: avoiding food waste and conserving resources and energy.

Packaging is part of our daily life and cannot be viewed in isolation. Don't see the packaging in your bin as a sign of failure – consider how a carrot, tissues, biscuit, kitchen knife or glass vase could possibly have reached you without it.

And then consider how many resources of every kind would have been wasted if the carrot, tissues, biscuit, knife or vase had arrived damaged, broken or inedible: all of the labour, fertiliser, water and energy that went into growing or making the goods and getting them to us would have been wasted.

'There's no single 'best' kind of packaging – it needs to be suited to the product.'



By The INCPEN's director **Jane Bickerstaffe**

Set those resources against the few grams of packaging that protects the products and enables their handling and it's obvious that packaging reduces waste.

Trade-offs between product and packaging

Trade-offs between a product and its packaging and between packaging materials are a common challenge for manufacturers and retailers. Take the example of a company which sells fruit-based smoothies. It currently uses single layer PET bottles because they are light weight (so have fuel-saving benefits in distribution) and recyclable.

The problem is the shelf-life of the smoothie is so short that product wastage is unacceptably high. The company has three choices: it can add preservatives to the drink, but then could not make 'fresh, nothing added' claims: it can apply a thin coating to the PET bottle to create a better barrier to the air so the product lasts longer but the bottles will not then be recyclable; or it can switch to glass bottles which will increase the number of lorries needed to deliver the product and make them heavier and less convenient for drinking 'on the go'.

Consumers want foods, without preservative and additives, so the company risks losing its market share if it changes the product.

Coating the bottle offers the most benefit in overall resource terms. Reducing the waste of the fruit has the biggest benefit because of the resources invested in growing, harvesting the fruit and preparing the juice.

The 'right' answer involves making the right decision for that individual product in that market.

Manufacturers will continue to innovate provided they are able to choose whatever material or packaging makes the best contribution to the resource-efficiency of the whole supply system.

Some innovations enable packaging to be removed completely. Laser labelling can replace traditional paper labels on fruit. It removes pigment from a very thin top layer of the fruit skin and applies a tiny amount of liquid to inscribe text and images.

Other innovations need more packaging. Superglue can dry out after the first use and clog the opening so the remainder of the glue gets thrown away. Smaller single-use packs prevent waste of the

glue but use more packaging. One thing is certain. For environmental and commercial reasons, manufacturers and retailers will continue to innovate to reduce both resource consumption and environmental impacts.

Consumers too have to play their part by buying just what they need, choosing appropriate portions and understanding that the vast majority of packaging is there to help reduce waste.

In the next few months, as the European institutions discuss future policy on packaging, manufacturers and retailers have a good opportunity to explain to policymakers what packaging does for society. They need also to explain why policy needs to be flexible enough to enable manufacturers to use packaging that will make supply chains more resource-efficient.

Jane Bickerstaffe is director of INCPEN, the Industry Council for research on packaging and the environment. It was established 40 years ago by a group of manufacturers and retailers who pooled resources to do research to understand the environmental and social impacts of packaging and to identify where improvements could be made.

Bounty Paper Towels



TISSUE WORLD ASIA 2014

With the world's eyes on China and its tissue industry, Asia's largest international show specifically dedicated to the sector gave visitors unparalleled access to the key movers and shakers as well as the most vital information and forecasts to help businesses stay one step ahead of the competition. A TWM report

TW Asia attracts 2,899 key participants; Hengan, SCA and Neilson present senior management session

Cultural habits of tissue use across China are changing rapidly, and coupled with dramatic urbanisation, a rampant price war and substantial overcapacity, the need for Tissue World Asia is more apparent than ever.

Key players from the market exhibited and attended Asia's largest event dedicated to the tissue market, a three-day event held between 11-13 November at the Shanghai International Exhibition Center, Shanghai.

The 2,899 key participants attended the event from China, Korea, Taiwan, Indonesia, Japan, Kuwait, and India, as well as from countries as far ranging as Italy, Germany and the USA.

The two-day conference addressed the key issues impacting the region, from its changing demographics and ageing population to an increased competitiveness in the tissue market resulting from a fierce price war.

The event offered visitors crucial insight on the issues that matter, presented by key industry personnel.

For the first time Tissue World Asia also hosted a senior management session with the significant presence of companies of the caliber of Hengan, SCA, WWF China, Fisher International, RISI and Nielsen.

Other speakers include: Kemira, Xerium Technology, Voith Paper, Gambini, TMC, Novimpianti and Solenis and more.

Despite its slower growth rate, China has continued to account for the highest share of the global tissue market expansion based on volume growth, claiming 39%.

The overcapacity situation grows increasingly serious: while new capacity expansions are rampant, project delays and cancellations are typical.

For example, APP has last year brought eight tissue paper machines on stream at its mills in China and Indonesia.

However, this is just a fraction of last year's announced plans to build 52 tissue machines in the two countries.

APP has since put more than half of the planned machines on hold.

Tissue World magazine visited the company last year for the East China country report in the September/ October issue.

Evelyn Hu, APP China chief executive, told TWM that given the country's giant population, average annual consumption of tissue paper in China still has a large gap compared with developed countries. As market demand keeps climbing, she added a better balance should be achieved between supply and balance.

However, Hu also warned that fierce competition may lead to lower priced products, resulting in a price competition she said will "ultimately harm the whole market".

TWM also visited Sun Paper, a Yanzhou-based tissue mill headed up by general manager Kevin Liu.

He said one of the main challenges for the market was brand recognition.

New to the tissue sector, the company's decision was because of the potential for the tissue market created from urbanisation and

improved living standards.

Significantly, he said the tissue industry in China is "just starting". "People are changing the way they use tissue, we are definitely seeing an increase in high-end products," he said.

Baoding-based Hebei Yihoucheng's general manager Tian Yuwei also highlighted that potential for the facial tissue market in northern China, and he said brand identity "was key".

He added that the environment was also an important strategy for the company.

The Chinese government has recently tightened up its pollution control measures in the nation's Environmental Protection Law, which at the time of going to print was due to come into practice 1 January 2015 and will mean stiffer fines against polluting companies. For the tissue sector, this means mills were being urged to use gas instead of coal, as seen at Hebei Yihoucheng.

Yuwei added that "environmentally-friendly products are the future .. we will continue to invest here".

Key players from the market exhibited at the three-day event



TWM summaries some of the key talks from Tissue World Asia:

Overview and prospects of the tissue paper industry in China; Jiang Manxia, Secretary General, China National Household Paper Industry Association (CNHPA), China

Continuous Growth:

- Production volume, consumption volume and export volume all maintained rapid growth
- Production technology, equipment level and product quality continued to improve
- Investment projects increased, production scale and ability increased rapidly
- Competition became fiercer, industry structure optimized and upgraded
- The entire industry was full of vitality, showing generally good development and continued to attract the attention from global and Chinese other paper grades industry.
- Output/1000t - increased 8.5% to 6808 from 2012 to 2013; Sales volume/1000t increased 8.5% to 6638; Net export/1000t increased 22.2% to 601.6; Consumption/1000t increased 7.2% to 6036

Calculating the per capita disposable income of all residents: The annual per capita consumption in Shanghai and Beijing is 10.1kg and 9.8kg, reaching the level in developed markets. The provinces (cities, autonomous regions) where per capita consumption reaches 5kg and above: Zhejiang, Tianjin, Jiangsu, Guangdong, Fujian The provinces (cities, autonomous regions) where per capita consumption below 3 kg: Yunnan, Guizhou, Gansu, Tibet.

Ranking of consumption volume in the world - still the third largest consumption area in the world, after North America and West Europe Consumption volume accounted for about 18.8% of the global volume in 2013 (the global consumption volume in 2013 was 32.50 million tonnes according to the latest data by RISI, the percentage of China is 18.6% calculated on the data by CNHPA).

Overheated investment led to production overcapacity:

- The existing enterprises continued to increase new capacity. Many enterprises and capital from other industries also entered tissue paper field. Overheated investment caused production overcapacity. The market competition became more intense.
- The growth rate of consumption volume and annual per capita consumption is lower than that of capacity. The growth of consumption is slower than that of capacity.
- With the launching of new projects, the capacity utilisation rate continued to decrease, less than 80%.
- The price decline and cost increase further narrowed the profit margins of tissue paper enterprises.

Price competition became more intense and the cost increased:

Product price declined. The average price per tonne of tissue paper dropped by 300 RMB in 2013, which was 2.9% lower than 2012. The price decline in 2012 continued. The growth of sales revenue was lower than sales volume in 2013, which also verified the price decline.

In order to fight for and get the market share, enterprises enhanced product promotion and brand publicity. In the first half of 2014, the percentage of market sales and promotion cost in the sales revenue increased than the same period in 2013.

Hengan: the distribution and administration cost increased, accounting for about 27.0% of Hengan's total revenue (24.1% in the first half of 2013). This is mainly because Hengan put more efforts on product promotion and brand publicity. And it also increased spending on expanding new professional sales channel and product R&D.

Vinda: strengthened the market publicity and sales promotion to keep the market share. Besides its other revenue in the first half of 2014 significantly decreased (such as the government subsidy). As a result, its operating profit dropped 9.9% to 345.7million HK dollars.

CNSN: In order to keep the market share, the company continues to strengthen the control of major sales system in the country. It increased spending on marketing and promotion. So the growth of its main business increased slightly than the same period of 2013. The growth rate of its revenue from main business is lower than the sales volume of main business. The sales cost increased by 9.95%.

Backward capacity elimination and new projects postponed
The capacity eliminated and shut down in 2013 reached more than 0.2 million tonnes.

The overseas tissue machine manufacturers establish plants in China. Some parts are localised: Valmet, Andritz, Voith, PMP, A. Celli and Kawanoe Zoki.

Rigid Demand: Tissue paper products are little influenced by the economy, because they belong to the FMCG and has the characteristics of rigid demand.

Market prospects: development opportunity and potential:
Tissue paper consumption is driven by the factors such as economy development.
China's economy is still developing steadily. The household disposable income and purchasing power continues to improve. The population is increasing. The urbanisation process is accelerating. All these will drive the growth of tissue paper consumption.

Towels have large growth potential:

The percentage of towels in tissue paper is relatively low in China, such as AfH hand towel and paper napkin is only 6.6%, kitchen towel is only 0.7%, which still has a large growth potential compared with the 30% percentage in overseas mature market.

The products such as kitchen towel already start to grow in the coastal area now.

Supply and demand developments in the growing Asian tissue business; Esko Uutela, principal - tissue, RISI, Germany

Asia offers major potential for tissue: it accounts for 60% of the world population and 42% of global GDP

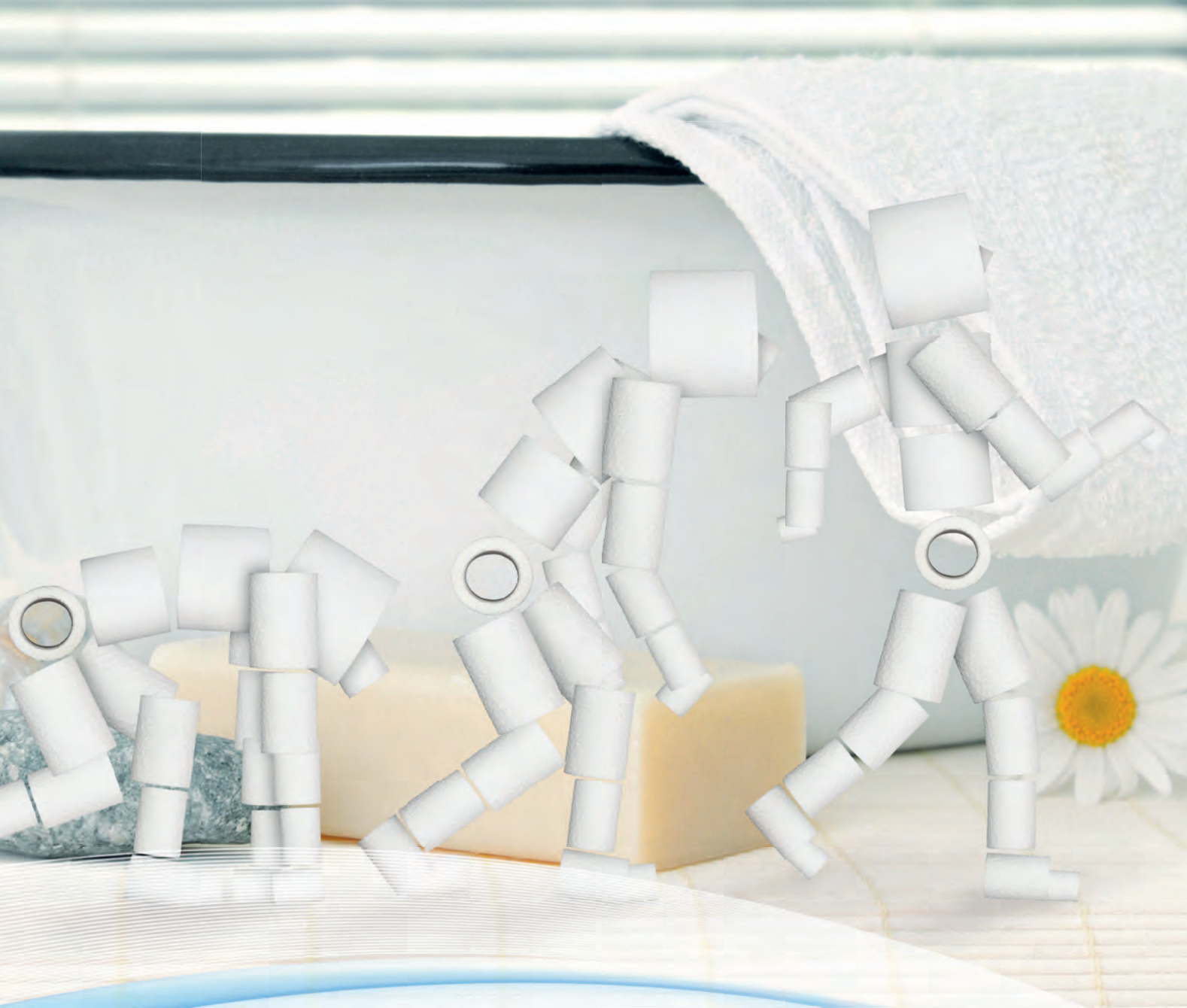
World tissue consumption:

Asia's share of global tissue consumption (34%) is still much below its share of global population (60%) and GDP (42%).

Global consumption: 32.4 million tonnes (2013).

Asia has accounted for almost half of the global volume growth of tissue consumption since 2000 - one third of global growth is in China.

Expected regional volume growth of tissue consumption



The Next Evolution in Tissue Production

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2013-2023: 39% of global growth in China! Asia's role as the global driver is increasing, 55% of the expected volume growth in the next 10 years will be there.

Recent tissue market growth in the Asia Far East region shows rather steady but not very fast growth, averaging at 4.3%/a over the past 10 years.

Indonesia has passed South Korea in volume growth, India and Vietnam also in good growth phase.

Indonesia is by far the largest tissue net exporter and Hong Kong the largest net importer in the Asia Far East region.

Indonesia leading volume growth followed by South Korea and India.

Despite major delays in APP's Indonesia expansion plans - the already realised and ongoing investments will result in overcapacity.

Recent growth rates of Chinese tissue consumption has been very strong but 2013 market growth was disappointing.

Senior Management Session:

How to stay ahead in sustainability both as a company and as an industry; Wesley Chiu, General Counsel, Asia Pacific, SCA Asia Pacific, China

SCA is one of the biggest names in personal care, tissue and forest products globally, with sales in over 100 countries. Asia is an important growth market for the company. SCA is the majority shareholder of Vinda, one of the largest tissue companies in China. This presentation will cover SCA's sustainable practices globally and in China.

How to stay ahead in sustainability as a company and as an industry.

We see sustainability is not just a corporate social responsibility but also a business opportunity:

- Improve competitive edge
- Reduce cost
- Reduced risk level
- Attract investors
- Employer branding
- Strengthen the brand

Cost and CO2 saving: some European carbon reduction achievements:

- Tena Flex: carbon footprint reduced by 17%
- Tena Pants: carbon footprint reduced by 13%

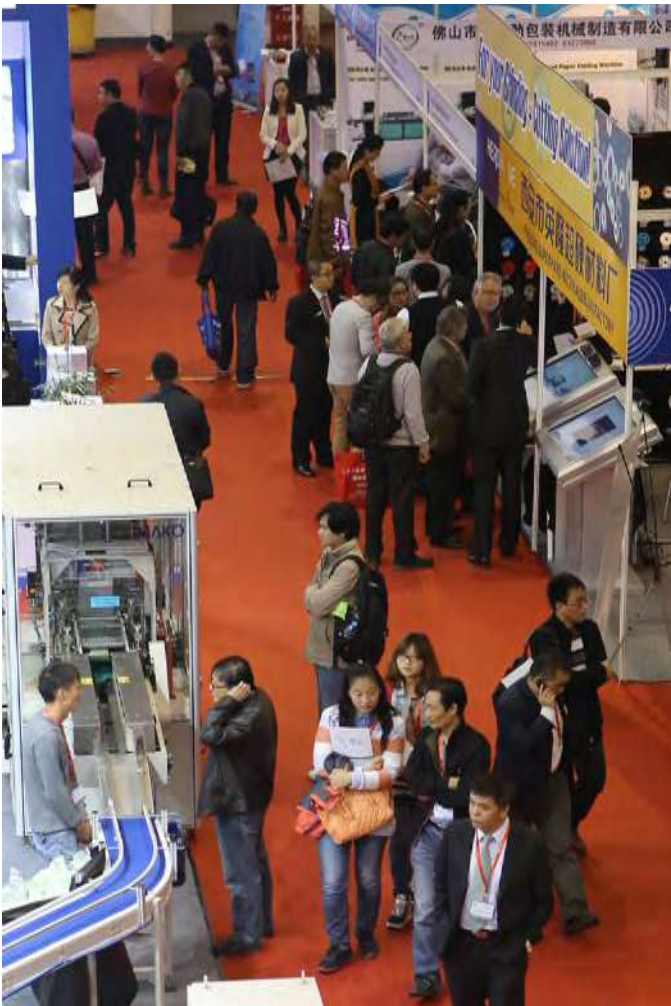
SCA has over 20 years of expertise in Life Cycle Assessment, which it says is the only tool to provide a complete picture of a product's environmental impact throughout its lifespan, from material creation to disposal.

Customer demand:

Walmart employs a quantitative evaluation scheme for supplier evaluation - only selective verification of supplier data

IKEA's evaluation approach encompasses 14 criteria - standards are independently reviewed by external auditors

Driver for new product development



Some 2,899 participants attended the event

The environmental situation in China and implications for the tissue business; Sun Mingming, senior pulp and paper officer, WWF, China

An introduction of the global and Chinese environmental situations and the definitions of the most important environmental issues impacted by pulp and paper industries, such as deforestation and degradation, loss of biodiversity, and climate change. From geographic perspective, this report will introduce the high risk regions with certain social and environmental evidences. Introductions of WWF Market Transformation Initiative. With the defined theory of change, WWF will promote sustainable production and consumption collaboratively and raise public awareness and create demand of responsible paper products such as FSC-certified paper.

Energy saving in tissue production; Zhang Qunfu, general manager and chief Engineer, Hengan, China

The Chinese tissue market's short-term excess capacity, quality homogenisation, cost-decreasing pressure. In tissue cost structure, energy consumption accounts for manufacturing costs (excluding raw materials) around 70%, around 20% of total costs. To reduce the production cost by saving energy is very important. This paper briefly introduced the three main methods of energy saving: Project Energy-saving design,



Visitors and exhibitors from countries including China, Korea, Taiwan, Indonesia, Japan, Kuwait, and India, Italy, Germany and the USA attended the show

Energy-saving operation management and New technology for Energy-saving. Focus on six new energy saving technologies include: Insulated head cover of Yankee, Revaporation from Hood exhaust, Steel Yankee Dryer, ViscoNip Press, Large Dia. Suction Press Roll, PU cover of SPR.

It found:

Chinese tissue market's short-term excess capacity, quality homogenisation, cost-decreasing pressure.

In tissue cost structure, energy consumption accounts for manufacturing costs (excelling raw materials) around 70%, around 20% of total costs.

Energy-saving design project: tissue line tailored, planning grades, choosing suitable machine configuration with fit speed, capacity and ancillary equipment. Process design shortening and optimising, cutting low-efficiency process.

Energy-saving operation management:

- Improving efficiency, cutting production cost
- Automatic roll changing system, using ceramic blade
- Improving rewinding/converting efficiency
- Slitting and core shaft system, no rewinding
- Increasing Headbox stock consistency, saving electrical consumption
- Dewatering optimisation of tissue machine forming and pressings section
- Fabrics optimisation for tissue production
- New technology for energy-saving:

- Insulated head cover of Yankee
- Revaporation from Hood exhaust
- Steel Yankee dryer
- ViscoNip Press
- Large dia. suction press roll
- PU cover of SPR

Insulated head cover of Yankee:

Normally the temperature at open header cover of Yankee dryer is around 150 degrees celcius, so energy lost of heat radiation is high.

Utilisation of insulated head cover can save 2.5%-5% of steam consumption.

Advantage of Visconip press:

Possible tissue dryness would be increased 7% by increasing peak pressure up to 4.5MPa, this dryness increase corresponds to a drying energy saving 25%.

Gives a bulk increase of around 10% compared to suction pressure roll and improves softness.

Economic impact of greenhouse gas emissions regulations; Stanley Okoro, general manager, Fisher International, USA

Globally, T&T production emits more carbon per tonne of paper than any other grade. What's more, coal burning power plants in China and Indonesia have the highest CO2 emission factors. With the potential to alter the competitive position of individual mills, the carbon issue is becoming increasingly

important for owners that need to understand the position of their assets compared to their peers. Using Fisher International's database of the CO2 emissions of every operating mill and machine in the world, this analysis found that:

- China's response to air pollution and global warming has started
- Its GHG emissions for all paper products are among the highest in the World; its GHG emission is high among T&T producers, although lower than the US
- The US's GHG is higher than China's because it produces more tissue with TAD technology than China does - 38% of T&T production in the US uses TAD while it's just 4% in China
- TAD is energy intensive compared to conventional Yankee drying and requires four times as much fuel and 60% more electricity
- China's use of coal makes its energy costs low. However, coal worsens China's GHG position. Coal is the biggest GHG producer among major fuels used by pulp and paper mills, and is the cause of China's GHG-intensity and also of heavy pollution
- China is putting more energy-related regulations in place
- Converting from coal to gas or biomass could give China's T&T industry a leading GHG position
- Use of biomass fuels is largely impractical. Only a minor percent of Chinese tonnes have access to waste fibre through their normal operations
- Only mills making virgin fibre onsite have natural access to biofuels and natural gas is relatively expensive in China
- Switching from coal to natural gas boilers would cost the industry billions
- Today in China, natural gas costs about twice as much per GJ as coal
- Energy efficiency and switching away from coal are the practical GHG reduction choices

The exhibition and conference continues to attract tissue makers and converters from across the region including Japan, Korea and Southeast Asia



For the first time *Tissue World Asia* hosted a senior management session with talks from *Hengan, SCA, WWF China, Fisher International, RISI and Nielsen*

- What Is the Economic Impact of GHG Regulations? Switching entirely from coal to natural gas today would cost the Chinese paper industry
- Increase in electricity purchases from utilities; \$3.5 billion incremental cost in mill fuel purchases; Billions to rebuild or replace its 400 boilers; Energy regulations would cause some mills to fail
- However, converting from coal would create large opportunities for equipment suppliers

A helicopter view on China's retail landscape, Hewitt Lv, director, Nielsen

An overview of how Chinese retail marketing has been changing and developing in recent years. The key FMCG trends include total Chinese FMCG goods growth trend, for example: what is popular in China, to help the audience find the right opportunities. Besides the consumer goods trend, retail channel evolution will also be covered, focusing on the retail channel structure changes. Another important aspect is consumer behaviour from what consumers purchase in retail stores, the total tissue market trends will be shared during the session.

Key points are:

1. The total tissue development in the past three years. Growing? Flat? Or declined?
2. Segment information to help audience understand which segment is more favorable in China.
3. Competitive environment.
4. The impact of eCommerce on the tissue market.

The talk reported:
Vast market: lower tier cities are robust and are driving sustainable growth.

Modern trade has developed quickly in the past 10 years while traditional trade has been fairly stagnant. Modern trade grew steadily in store count and contributed 46% sales to total FMCG. The “convenience” channel in modern trade witness the stronger growth. Online FMCG retail sales growth continued to slow down.

Slowing down growth was witness across most food and non-food super categories.

Online not only changing retail landscape but also changing consumer behaviours - more than six million e-shops on Chinese e-commerce company Alibaba; more than 600 million products on Alibaba. Dry tissue (bathroom and facial tissue) is a 30bn RMB business while growth was slowing down in recent months. However, strong organic growth was still observed and innovation is the key to further drive market growth.

Lower tier cities overall grew faster than key cities.

The Chinese retail landscape is revolving with uncapped opportunities.

Other talks included:

A new tissue structure analyser for detailed sheet evaluation Clayton Campbell, senior manager global business development, Kemira, USA Huang Xiaosong, Tissue Sr. Research Scientist, Kemira (Asia) Co. Ltd., China.

Engineered base and batt optimisation in press felts to improve energy consumption on tissue machines Thomas Flanders, director of Paper Technology-Asia, Xerium Technologies, Inc., China Zhuang HuaWen, China Sales Manager – PMC, Xerium Technology, Inc., China.

Results of successful implementation of NipcoFlex-T Shoe Press Technology in Asia Wang Xunyi, deputy director, Voith Paper (China)Co. Ltd., China Ronaldo Parucker, Vice President Tissue Sales, Voith Paper (China) Co. Ltd., China.

Water closure – maintaining quality, productivity, and costs with reduced fresh water consumption Nick Ince, market segment manager, Asia Pacific, Solenis, China Richard Dong, Platform Launch Leader, Tissue +Towel, Solenis, China.

Modular, flexible and efficient tissue packaging solutions tailored for the Chinese market Ruggero Squarzone, area sales manager, Tissue Machinery Co. – TMC, Italy Xiong Moke, Customer Care, Tissue Machinery Co. – TMC, Italy.

Innovations with Nordic softwood pulps and services for better tissue properties Tuomo Niemi, Fibre Technology Manager, Metsä Fibre Oy, Finland Zhang Tao, customer service manager, Metsä Fibre Shanghai Representative Office, China.

High energy-efficiency vacuum systems for tissue machines Yang Fenghui, marketing director, Runtech Systems Oy, Finland Jukka Lehto, chief executive, Runtech Systems Oy, Finland.

Innovative technology solutions for the unwinders Filippo Bertolli, sales area manager, Gambini SpA, Italy Charles Yip, Tech.Vantage International Ltd., Hong Kong.

Energy saving – use of syngas in high efficiency hoods Giulio Pengo, sales area manager, Novimpianti Drying Technology SRL, Italy.

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GLOBAL

K-C volume up 7% while prices fall 1%; Clearwater ups prices 3% on new TAD

Clearwater Paper reported a 3.1% third-quarter rise in tissue product pricing from its new TAD machine in North Carolina, while Kimberly-Clark (K-C) pricing declined 1% on consumer products although volume jumped up by 7%, the companies have said.

The pricing averages were for the third quarter vs third quarter 2013 levels, and were based on earnings reports by three of North America's largest six tissue paper producers.

Main points from executives included that private label was at least holding ground or possibly gaining slightly, promotional advertising activity remained at a high pace especially among big brand players, and the firms continue an ongoing movement at increasing operational efficiencies in their systems. Clearwater president and chief executive Linda Massman noted in consumer tissue that "we have faced significant headwinds from decreases in conventional tissue pricing".

Procter & Gamble reported altering pricing on some bathroom tissue and towels in what financial officer Jon Moeller called a "value equation intervention" in a report to analysts on 24 October.

P&G is North America's second largest tissue paper producer by capacity. All of P&G's capacity is in consumer tissue.

On AfH price increases, the first official hike in three years, that began in June and July in North America, K-C chairman and chief executive Thomas Falk told of a "limited benefit" from the increase.

Contacts said the increase is being implemented through yearend.

"(K-C is) seeing some price erosion in the low end of that business and so any net price gain has been pretty minimal at this point in time. I think you're seeing a fairly stagnant economy which is probably not helping much on that front," Falk said, referring to AfH pricing.

With a pending health unit spin-off, K-C plans to eliminate 1,100 to 1,300 jobs by the end of 2016, with all parts of the company impacted as well as locations globally, according to Falk. The restructuring is to cost \$130 million to \$160 million. K-C expects savings of \$120 million to \$140 million/yr starting in 2017.

Falk said the restructuring is aimed at "offsetting the impact of the stranded overhead cost that results from the spin. "This restructuring programme will do that and will make us more efficient at the same time.

(The) restructuring programme will also give us more flexibility to invest in our brands, to invest in our targeted growth initiatives, and to build the capabilities that will help us win in the marketplace." Clearwater's Massman said the firm expects 3-5% savings on warehouse and transport costs, starting in second quarter next year.

She said the firm's leaders would "continue to sharpen our pencils on the efficiency side."

Massman also told of increased promotional activity for the "vast majority" of this year from brands and

expected "continued competition" from new tissue paper machine capacity set to start up into 2016 in the USA.

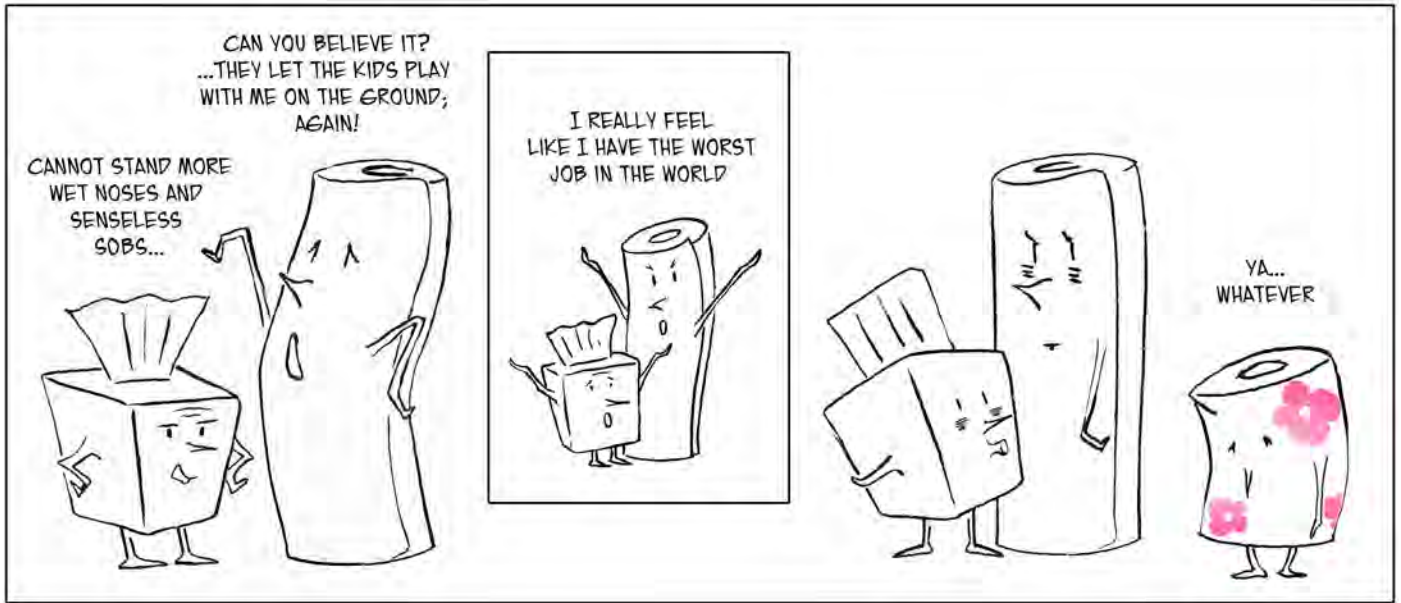
New capacity in 2015-16

Based on public announcements, almost 350,000tpy of new capacity would start up in the next six quarters. Another 112,000tpy could be started by firms that have been named publicly, but have not made public announcements about their new machine plans. Further, another 150,000tpy of potential new capacity comes from unidentified "confidential" projects from companies, contacts said. If all the PMs are built, the capacity add over the six quarters would be 600,000 tonnes.

The increased ad spend was cited by

Thomas J Falk: More flexibility to invest in brands, targeted growth initiatives and capabilities for the marketplace.





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TWM cartoon | January/February 2015

K-C for its 7% consumer tissue volume increase in the quarter. Also, the launch of Viva Vantage paper towels earlier this year helped, company officials said.

On consumer tissue, Falk said K-C was no longer reducing sheet counts on rolls, which started in the first half of last year, and pushed up advertising spend for promotions on the company's tissue products.

"We did step up promotional activity from second quarter where we were not competitive in the marketplace," Falk said. "It was competing with other branded activity in the market where some of our competitors have stepped things up in the second quarter. We picked it up in the third quarter and you saw that show up in the volume growth." Falk claimed that K-C increased volume at the expense of other brand players rather than private label.

Domtar, which completed two key acquisitions in 2013 of Spain's Indas and Associated Hygienic Products to expand in personal care incontinence absorbent products and the diaper segment, might eventually connect into tissue products, company president and chief executive John Williams said on 23 October.

Answering an analyst, Williams said: "We've always said growth is what

we're looking for and growth really in absorbent products. And, to date, we've been able to stay a pretty pure play on personal care.

"If we felt that the M&A pipeline was - pardon the pun - drying up on us, we would look on a broader spectrum and, patently, if we'd look in a broader spectrum, tissue would be in there."

Clearwater Paper financial officer John Hertz said the firm was considering a Master Limited Partnership (MLP) for the firm's tissue paper machines.

"Though the company said they are in the 'early innings' of exploring the structure change, they believe that much of the pulp and paper segment would qualify as well as some of the paper machine assets in tissue," Vertical Research Partners said in a note to investors.

"We see no reason that Clearwater couldn't ... take advantage of the MLP structure. We believe that if the company can get a turn improvement in their overall (averaged) EV/EBITDA multiple as a result of moving to an MLP structure, barring any changes in pricing versus our current predictions, the stock could trade north of \$75 per share."

CLW's share price was \$67.44 mid-day on Oct. 22. Clearwater operates 14 tissue machines at 10 mills in the US

and Canada.

In a C\$1.07 million project, Cascades inaugurated Alain-Lemaire Solar Park that will supply 1 MWh/yr of energy to Cascades mills in Kingsey Falls.

The company called the arrangement a "first in the pulp and paper industry." Rackam installed a concentrated solar power system at the park that is to reduce the natural gas consumption in Kingsey Falls.

Cascades operates one recycled board machine at one mill with 102,000tpy of capacity, and another mill with three PMs with 120,000tpy of tissue paper capacity for AfH and consumer products. The park is named after Alain Lemaire, the last of the Lemaire brothers who have been the company's CEOs since it started doing business K-C.

News from RISI (www.risiinfo.com)

Södra improves profitability

Södra has said increased demand and higher prices for finished goods have helped it boost its profitability.

Earnings to date this year from January-August improved to SEK 1,012 million (loss: 786).

Net revenue for the first eight months of the year increased to SEK 11,429 million (11,137).

President and chief executive Lars Idermark said: "Demand and orders for Södra's products improved during the second four-month period and the group reported a positive performance and improved profitability.

"All of the Södra Group's business areas continued to improve their earnings. The improvement is mainly the result of a more favourable market in addition to the group's own productivity enhancing measures and continued efficiency gains."

He added that wide-spread uncertainty remains regarding the geopolitical situation in the Ukraine and the Middle East.

"The aftermath of the European financial crisis in Europe can still be seen. With these reservations, the overall assessment is, however, that the global economy will improve, which is positive for Södra since its operations are heavily dependent on export.

"The strengthening of the USD against the SEK will also boost profitability."

USA

K-C announces details for completion of Health Care spin-off

Kimberly-Clark (K-C) has announced the record date, distribution date and distribution ratio for the previously announced tax-free spin-off of its health care business.

The spin-off forms the new publicly traded company, Halyard Health.

K-C also increased its 2014 share repurchase programme to take into account expected proceeds as a result of the spin-off.

K-C shareholders received one share of Halyard Health common stock for every eight shares of K-C common stock held as of the close of trading on 23 October, the record date for the spin-off.

The move was completed as of the end of the day on 31 October, the distribution date for the spin-off, with 100% of the shares of Halyard Health distributed to Kimberly-Clark shareholders.

Before completion of the spin-off, Halyard Health was expected to make a one-time cash payment to the

manufacturer.

As a result, K-C is increasing its 2014 share repurchase target to \$2 billion, up from its previous plan of \$1.3 to \$1.5 billion.

K-C chairman and chief executive Thomas J. Falk said: "The spin-off will let Halyard Health pursue its own value-creation opportunities as a focused healthcare company.

"Looking ahead, we continue to be optimistic about our prospects to deliver strong returns to shareholders through successful execution of our global business plan."

Halyard Health is a medical technology company focused on advancing health and healthcare by delivering clinically superior products and solutions in infection prevention, surgical solutions, respiratory health, digestive health and pain management.

Wausau and von Drehle on the move in AfH with efficiencies plan, new PM

Two US AfH tissue paper producers identified or began work on efforts that aim to net them lower input cost and additional business.

Wausau Paper reported being in the midst of an offensive, looking for efficiencies on each machine in its two-paper-mill system and each converting line, pres/CEO Michael Burandt said during an earnings call with analysts. The push is to almost double earnings for the company, the fourth largest in the US AfH market, in the next 18 months.

In Mississippi, von Drehle said work started on a project to install by late next year a new 35,000 tons/yr Metso tissue paper machine at its deinked pulp mill in Natchez, MS.

PM delivery mid-June. The Natchez Democrat quoted a site mgr saying that the Metso PM is to be delivered in mid-June.

The von Drehle unit is reputed to be a NTT version, according to contacts. The first NTT was installed last year and runs at Fabrica de Papel San Francisco's mill in Mexicali, Mexico. The Advantage NTT technology is to produce "premium quality textured tissue with high bulk and softness using less energy and fibre" with virgin and recycled content furnishes, according to Metso. The NTT is intended to be a flexible machine that can switch from conventional to textured tissue output.

Contacts claim the new PM's pulp furnish will be integrated from the deinked pulp line already at the mill in Natchez.

In the US AfH market, von Drehle is the sixth largest.

Wausau's Burandt expects to increase profits by reducing costs, and also increasing volumes in premium 100% recycled-content AfH products and its dispensers.

Burandt set the goal of adding \$30 million in annual EBITDA. For the third quarter, Wausau's EBITDA was \$13.8 million.

He said the firm spent eight weeks so far on analysing company assets.

"There are no sacred cows here," he told analysts this week.

"We've identified the issues, and are developing plans and strategies to address them," he said.

"This is not one-time initiative. This gives us the confidence of growing the company profitably for years to come," Burandt said.

Burandt said Wausau is the only producer with a 100% recycled-content premium product in the AfH market. It is made at the company's Harrodsburg, KY, mill, where a new Atmos system machine was started up in late 2010.

Also, he pointed to the firm's recent launch of Dubl Nature and Artisan brands, and the Alliance high-capacity towel dispenser that automatically feeds a second 1,000-ft roll.

"This is going to play very well in high-capacity washrooms (such as) airports and casinos, (and) it's going to play very well in classy office buildings. So there's just a whole new winner that opens up to us," Burandt said.

He said the firm can gain higher margin by moving its own paper through its dispensers.

News from RISI (www.risiinfo.com)

KP Tissue considering locations, pre-engineering for possibly another TAD

KP Tissue is in "serious" consideration of adding another through-air-dried (TAD) tissue paper machine, company CEO Mario Gosselin told analysts on 12 November.

"We're really serious and we're studying location now and we're working on pre-engineering," he said. In early 2013, KP started up a TAD at its mill in Memphis, TN.



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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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Contacts claim the TAD was needed so that the company could move up the quality curve with premium private label and White Cloud product for big retailers such as Walmart.

Gosselin said the company was now "positioning" White Cloud with a three-ply and TAD versions.

KP reported a 21.5% third quarter rise in US revenue (vs third quarter 2013) because of the firm's TAD output in Memphis as well as acquisition of Metro Paper, an AfH producer. The firm's US unit revenue was 29% of total revenue through three quarters this year and was on track to be about C\$308 million for 2014.

Also, KP reported a C\$6.5 million EBITDA contribution from TAD product, which was up from C\$1.8 million in third quarter 2013. The TAD started in February 2013. The C\$6.5 million contribution was to the firm's third quarter C\$38 million EBITDA.

News from RISI (www.risiinfo.com)

Soundview Paper Company's president and chief executive steps down

Soundview Paper Company president and chief executive George Wurtz has stepped down and been succeeded by pulp and paper industry executive Karl Meyers.

Wurtz retired from his position at the Elmwood Park, New Jersey-based towel and tissue product manufacturer on 23 September.

He will continue to be engaged with Soundview as its chairman and as a significant investor.

Meyers has served as chief operating officer of Soundview's AfH division for the past year and brings decades of experience in the pulp and paper industry to the position.

He has also served as a senior executive for Georgia Pacific Corp from 1997 to 2009.

Meyers and Wurtz were two of the original industry leaders who started Soundview.

Soundview Paper Company is a manufacturer of recycled and virgin fibre towel and tissue products for the at-home and AfH markets in North America.

News from RISI (www.risiinfo.com)

CHINA and INDONESIA

APP continues to build tissue machines but slows its pace

Asia Pulp & Paper (APP) group has brought a total of eight tissue paper machines on stream at its mills in China and Indonesia this year.

However, that is just a fraction of the expansion it aims to carry out.

According to a senior APP executive, APP China has commissioned six 2.8m wide tissue machines at its pulp and paper complex on the Chinese island of Hainan, each having a capacity of 27,000tpy.

The identical six units were assembled by APP China's subsidiary, Jinshun Machinery, with key components, such as headboxes, Yankee dryers and hoods, imported from Europe.

The group also started up two 5.6m wide tissue PMs at the Perawang plant in Riau, Sumatra, Indonesia.

The two machines were supplied by A Celli, each featuring an 18-foot Steel Yankee dryer provided by Andritz and having a capacity of 60,000tpy.

These eight tissue PMs have a combined capacity of 282,000tpy, which has boosted the group's total tissue capacity in the two countries from 1.7 million tpy as of the end of 2013 to nearly 2 million tpy now - to around 1.3 million tpy in China and 0.7 million tpy in Indonesia.

But the pace of expansion is a far cry from APP's ambitious plans as drawn up in 2013, which called for the building of a total of 52 tissue machines in the two countries, with a whopping combined capacity of nearly 2.8 million tonnes to be added by 2016.

The aggressive plan changed form before too long.

The group scaled back on the expansion, putting more than half of the planned PMs on ice after reassessing the scheme in early 2014.

It has revised down the number of the proposed new PMs from 37 to 16 in China, while cutting them from 15 to nine in Indonesia.

The main factor behind the decision is overcapacity in the Chinese tissue industry, which has led to stagnant pricing and falling profitability.

According to surveys done by RISI's Shanghai-based subsidiary, UM Paper, prices for the premium virgin fibre-based parent rolls have dropped from RMB 7,900/tonne to around RMB 7,000/tonne in the domestic market, which is equivalent to \$978/tonne after

deducting 17% VAT.

The overcapacity problem is expected to get worse following a flurry of new tissue investments in the Chinese market.

To get a market share, producers entering the sector have resorted to selling their wares at low prices on the domestic market, with parent rolls made from 100% woodpulp priced at around RMB 6,000/tonne - RMB 1,000/tonne cheaper than the existing premium grades.

And so despite the already drastic PM scale-back, APP is still in low gear in building new machines in China and Indonesia.

The APP contact indicated that the group will continue to erect new machines as laid out in the modified plan, but at a slower pace.

Two more 2.8m wide units supplied by Jinshun Machinery are being installed at the Hainan plant, with startup planned for next year.

In China there are still ten 60,000tpy PMs on the revised expansion list, with eight going to the Suzhou mill and two to be erected at the Xiaogan plant in the central province of Hubei.

In Indonesia, seven more 60,000tpy PMs are planned; six for the Perawang site and one for the Jambi mill, which is also located in Sumatra.

New European supplier:

In 2013, when APP laid out the plan to install 52 PMs, 40 of them were large 60,000tpy units to be provided by European companies.

APP signed up three firms, A Celli, Voith and Valmet, under what all sides called handshake contracts, for the supply of the machines.

Many of the orders were not confirmed with down payments when the deals were struck.

But APP has now placed an order with another European supplier, ToscoTec, for an even larger PM for the Perawang complex.

The unit will feature a double-press and a 22-foot Steel Yankee dryer, with a daily production rate of 192 tonnes, which is equivalent to nearly 70,000tpy.

Startup of the unit, set to be the world's largest of crescent former, is scheduled for the first quarter of 2016.

Lee & Man acquires firm to run tissue business

Lee & Man Paper Manufacturing has announced the acquisition of a company

called Guang Kai for HK \$404 million (\$52.1 million) to run its tissue business.

The Hong Kong-listed board giant's wholly-owned subsidiary Able Advance International will get a 100% share of Guang Kai in the deal. On November 11, it reached an agreement with spouses Patrick Lee and Lee Wong Wai Kuen, who hold 25% and 75% stakes respectively in Guang Kai.

Patrick Lee is also Lee & Man's ultimate controlling shareholder, as he indirectly holds approximately 54.3% of the shares in the firm.

Guang Kai currently runs two tissue PMs with a combined capacity of 30,000tpy within Lee & Man's mill in China's southwestern metropolis of Chongqing.

The two PMs, reportedly provided by a Japanese supplier, started up last year.

At the same plant, a 60,000tpy tissue PM is expected to start up early next year.

And Lee & Man recently ordered a second 60,000tpy tissue machine for the Chongqing facility.

The Valmet PM, with a design speed of 2,000m/min and a width of 5.6m, will be fired up by late 2015.

Besides its tissue lines, the Chongqing mill presently runs several recycled containerboard PMs with a combined capacity of around 1.1 million tpy and a 165,000tpy bamboo pulp line.

Tissue investment

Improving living standards and quick urbanisation have attracted huge investment to the Chinese tissue sector in recent years.

Producers of other pulp and paper grades aggressively joined the frenzy.

In addition to Lee & Man, Shandong Chenming Paper Holdings entered the tissue sector in late 2010 by starting up a 60,000tpy tissue PM at a site in Shouguang city, Shandong province.

A second 60,000tpy PM came online in 2013 at the firm's mill in Wuhan city, Hubei province.

Sun Paper, another major paper and

In Zhejiang province, recycled containerboard maker Zhejiang Jingxing Paper started up a 12,000tpy tissue PM this year at a mill in Jiaxing city, and a 25,000tpy tissue unit will come on stream at the same plant this year.

Overcapacity pressure

The huge investments in the tissue segment have resulted in oversupply pressures on the Chinese market.

Statistics from the China National Household Paper Industry Association (CNHPA) indicated that the increasing supply pushed down market prices by around RMB 300/tonne (\$49/tonne) in 2013, and machines operating rates have been reduced to below 80%.

The intensified competition has forced many small producers out of the industry. According to the CNHPA, the number of mills decreased from 524 in 2011 to 426 in 2013.

In Dongguan city, Guangdong province, local authorities recently instructed tissue mills with a capacity below 50,000tpy to shut down by the end of 2015 to cut emissions.

News from RISI (www.risiinfo.com)

Strikes break out at APP's Gold East and at Henan Yinge in China

Employees of Gold East Paper and Henan Yinge Industrial Investment in China have carried out significant strikes.

On 15 October, hundreds of female staff working in paper-sorting gathered at the gate of Gold East Paper's sole mill protesting its salary adjustment scheme.

Gold East, a subsidiary of APP China, runs the mill housing three big coated fine paper PMs with a total capacity of 2.6 million tpy. It is located at Zhenjiang city, Jiangsu province.

At the time Tissue World Magazine went to print, the protesting workers were claiming that they did not get salary increases, while other workers did.

The demonstration forced the mill to suspend production, but all PMs restarted later that week.

For its part, a spokesperson for APP China explained that employee wages at Gold East Paper are above the local average in Jiangsu, and that the firm's mills comply with all labour and salary rules and regulations.

The spokesperson claimed the company

is working with employees to find an acceptable solution to the dispute.

Henan Yinge redundancies:

Another strike in October was also carried out by staff at a Henan Yinge mill. It was reported that almost 1,000 workers went onto the streets protesting the firm's repositioning scheme for redundant personnel.

The firm, based in Luohe city, Henan province, has long been a major P&P player regionally.

It has a combined capacity of around 900,000tpy of pulp and paper grades at several sites in Henan and Sichuan provinces.

The employees on strike were from a mill in Luohe city. The plant, founded in 1967, used to be a major straw pulp maker in China.

It has a combined capacity of around 100,000tpy of straw pulp and 220,000tpy of uncoated printing and writing paper.

Workers complained to the media that they face losing their jobs, as several PMs at the mill have stopped production. However, the repositioning scheme proposed by the firm was not at all satisfying to them. Henan Yinge declined to comment on the strike.

In Luohe, the firm operates another three sites with a combined capacity of around 360,000 tpy of packaging paper and board, 120,000 tpy of tissue, and 70,000 tpy of speciality paper.

Elsewhere in Luzhou city, Sichuan province, the company has a 130,000tpy P&P mill.

In 2013, Luohe Yinge shut down a 100,000tpy P&P facility located in Luohe's Wuyang county and the equipment at the site was listed on China's 2013 mandatory obsolete P&P machine closure campaign.

According to the firm, it will receive more than RMB 322 million (\$52.4 million) as compensation from local authorities for the shutdown.

The listed firm has been losing money, and recorded a huge loss of RMB 279 million in 2013.

News from RISI (www.risiinfo.com)

China's Yunnan Yunjing shuts pulp and tissue paper mill after strong earthquake

A strong earthquake with a magnitude of at least 6.0 hit Jinggu county in China's

'The huge investments have resulted in oversupply pressures on the Chinese market'

board producer, diversified into the tissue segment this year by firing up a 60,000tpy tissue PM at its mill in Yanzhou city, Shandong province. A second 60,000tpy unit will come online there in 2015.

southwestern province of Yunnan on 2 October, forcing Yunnan Yunjing to shut its pulp and tissue mill.

A source close to the firm said the plant was closed right after the earthquake hit. Fortunately, no casualties occurred and no apparent damage was done to the equipment at the facility.

The mill operates two pulp lines producing mostly bleached hardwood kraft (BHK) pulp grades and some bleached softwood kraft pulp, with a combined capacity of 195,000tpy.

Some of the pulp output is integrated with a 30,000tpy tissue paper machine at the plant, with the surplus sold on the domestic market, mainly in the southwest of the country.

The contact said the closure is likely to last for one month as the mill staff conduct thorough inspections on all the equipment.

Also, the facility's main road to Kunming city, where its products are distributed, is damaged and needs repairing.

According to Xinhua News Agency, the quake killed at least one person and left 324 injured, while more than 7,000 buildings were destroyed.

A trader indicated that the mill shutdown will lead to a BHK supply shortage in the southwest.

In reference to Hebei Yihoucheng's operation report in the Sept/Oct issue of TWM, Andritz has confirmed it is the supplier of the company's PM2.

News from RISI (www.risiinfo.com)

Hebei Yihoucheng Commodity boosts capacity

Hebei Yihoucheng has ordered an Andritz-supplied PrimeLineCOMPACT II tissue machine with Steel Yankee.

Start-up is scheduled for the end of 2015 and follows the start up of TM1.

The machine has a design speed of 1,600m/min and a width of 2.85m.

The steel Yankee's diameter amounts to 3.66m.

The scope of supply also includes the complete stock preparation plant, automation and drives.

In reference to Hebei Yihoucheng's operation report in the Sept/Oct issue of TWM, Andritz has confirmed it is the supplier of the company's PM2

Hengan Group starts up PM17

Hygiene and sanitary products producer Hengan Group has successfully started

up its Andritz-supplied PrimeLine™ W8 tissue machine.

The machine is the tenth tissue machine supplied by ANDRITZ to Hengan Group and has a design speed of 2,000m/min and a width of 5.6m.

The scope of supply also included a Steel Yankee with a diameter of 18 ft., the complete stock preparation plant, and the automation system.

Lee & Man Manufacturing boosts tissue capacity

China's Lee & Man Paper Manufacturing has invested in a Valmet-supplied Advantage DCT 200HS tissue line.

It will have a width of 5.6m and a design speed of 2,000m/min, producing 60,000 tonnes of high quality toilet and facial tissue per year using virgin wood pulp and bleached bamboo fibre as raw material.

Start-up is planned for late 2015 and it will be installed at the company's Chongqing mill in Zhutuo Town, Yongchuan City.

Valmet's scope of delivery includes a complete tissue production line featuring stock preparation systems and an Advantage DCT 200HS tissue machine.

The machine will be equipped with an OptiFlo headbox and a cast alloy Yankee cylinder.

Lee & Man Paper Manufacturing was established in 1994 and now employs 6,500 staff across five production

sites in China.

The group has a capacity of up to 6.05 million tonnes of container board, duplex board and tissue paper as well as 180,000 tonnes of pulp.

ITALY

Sofidel boosts energy efficiencies with Advantage ReTurne start up

Sofidel's Advantage ReTurne system recovers energy from the headbox at its Delicarta Valdottavo in Italy.

It is the first installation of Valmet's new technology and aims at increasing energy efficiencies of tissue production lines.

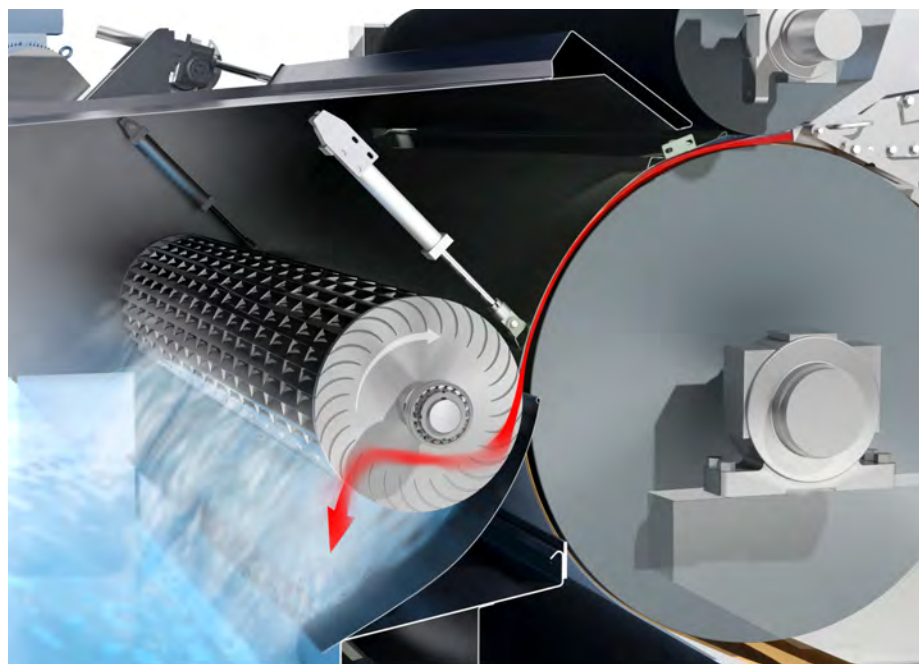
The system recovers energy from the headbox jet power and also returns it back to the process as electrical energy.

Simone Capuano, vice chief technical officer, Sofidel, said: "Its energy saving capabilities turned out to be better than we hoped for and well in line with our target to further reduce our CO2 emissions before the end of 2020."

The Advantage ReTurne energy recovery system is installed in the forming section. Valmet said it is unique in that sense that it recovers 50% of the energy from the headbox drainage water and via a generator converts it to electrical power which supplies the sectional drives.

The Advantage ReTurne do not affect

Sofidel's new Valmet-supplied Advantage ReTurne system recovers energy from the headbox





Lamix's Amica Matrix industrial line converts industrial laminated rolls at a speed of 550mpm

the formation of the paper or the tissue making process, it is easy to handle and has low maintenance need. This new innovation is most efficient installed in new or existing tissue machines.

News from RISI (www.risiinfo.com)

POLAND

Lamix diversifies product offering

Lamix has diversified its product offering after it started up a PCMC-supplied Amica Matrix industrial line at its Witnica site.

The line is dedicated to converting industrial laminated rolls at the speed of 550mpm and comprises: two Unwinders BS 2502, an embosser NT 5501, Amica Matrix Industrial rewinder, TS 181 tail sealer, A30 accumulator, LSX log saw. A corewinder CM 10 completes the supply.

PCMC said the line is "extremely versatile" and can easily adapt to converter's specific production needs. It said: "The speed and the number of cycles selected in the design phase can later be upgraded so as to follow the company's growth, thus meeting the converters' demand for flexible, upgradable and efficient lines."

Five years ago, a PCMC LS33 log saw was also installed at the site. A large proportion of Lamix's products are exported and the laminated rolls from the new line mean a further step in the product portfolio of the company.

Owner Miroslaw Laszko said: "The new product will be very attractive for the home market and actually a complementary product to the new attractive folded/laminated hand towels

we introduced some 12 months ago." Lamix was established in 1991 as a trading company and started manufacturing in 1995.

Since that time the now 180-staffed company has been continually investing in its own production premises and new technological lines. Further expansion is already in planning now.

SPAIN

ICT ramps up tissue production

ICT is to invest in new tissue and converting capacity in Spain in order to meet the growing demand for tissue products.

The company said it is considering a

ICT's Iberica site where the investment is being considered



new investment to be made by its ICT Iberica, Burgo de Ebro site.

The investment would eventually comprise of a new tissue machine, additional converting equipment, logistic and civil infrastructure.

Currently the 180-staffed site sells 70,000 tonnes of high quality tissue reels, finished products for private label retail customers and for its own brand, FOXY.

The new machine would be an addition to the company's existing machine.

The start-up date for the new tissue machine and relative converting is schedule to follow the completion of ICT's ongoing "K3 Project" in ICT Poland Kostrzyn mill, scheduled for late 2015.

ICT Group is headquartered in Lucca, Italy, and has production companies in Italy, Spain, Poland and France.

The projects will continue to boost the company's total output growth of high quality consumer and B2B tissue

LC Paper starts up PM2 rebuild

Tissue producer LC Paper has started up its PM2 rebuild at its Besalu-based site after a major dry-end rebuild with Toscotec and sister company Milltech.

The rebuild project target was mainly to reduce PM2 energy costs and improve paper machine efficiency as well as increase the production at higher tissue grades thanks to the application of TT DOES (Drying Optimisation for Energy Saving) package.

LC Paper was formed in 1881 on the back of the Industrial Revolution and produces niche tissue products with PM2 and PM3, producing 65,000tpy of tissue for the AfH market.

Energy saving is an important aspect of the company's business strategy and the company has been focused on cogeneration applications for several years, introducing a cogeneration plant at the site in 1993.

It was the first plant with a diesel engine of 6.5 MW in Spain that was expanded in 1999 with a second 6 MW engine.

The scope of supply featured a new double presses configuration with a rebuild of the felt run, a new TT SYD-15FT with doctoring system and a Duo-system Yankee hood, SMART eMT type from Milltech.

Maximum drying production with a machine trim width at reel of 3,050mm

ICT Group's Kostrzyn mill will boost its capacity by 75,000tpy



will be 130tpd.

With this new intervention the PM2 thermal consumption will be lowered to 1,350kWh/t.

ICT hikes up capacity with PM install

ICT Group is to boost its capacity by 75,000tpy after it signed for a Valmet-supplied DCT 200 PM.

It will be located at its ICT mill in Kostrzyn. The investment will also comprise of additional converting equipment and necessary logistic and civil infrastructure to produce and distribute the full range of consumer tissue products to retailers. The machine will be an addition to ICT Poland's first two tissue machines which started up in 2001 and 2008.

The start-up date for the new machine remains on track and is estimated to be in the fourth quarter of 2015.

SWEDEN

Metsä Tissue starts up new converting line, CHP plant at Katrinefors mill

Metsä Tissue is ramping up two new investment projects at its 81,000tpy Katrinefors tissue mill in Mariestad in central Sweden – a new tissue

converting line for making toilet and household paper and a combined heat and power (CHP) plant.

The Futura-supplied Euro 10 million converting line has a capacity of some 25,000tpy and will raise the factory's total converting capacity to around 80,000tpy.

The CHP plant is owned by Katrinefors Kraftvärme AB (KKAB), a 50/50 joint venture company owned by Metsä Tissue and the municipal energy company VänerEnergi.

KKAB started the commissioning process of the new plant in mid-September and at the time of going to print, planned to finish all test runs and fine tuning by the end of 2014, according to Mark Watkins, senior vice president of tissue in the Nordic and Baltic region at Metsä Tissue.

The Euro 30 million CHP plant will produce electricity and heat for the Katrinefors mill, as well as energy for the surrounding community in the form of district heating and grid electricity.

The plant has a heat capacity of 28 MWt and an electrical capacity of 7 MWe.

It will run on energy wood, including wood chips and forest residues sourced locally, and the tissue mill's recycled fibre residues.

KKAB already operates one CHP plant at the factory, using the same raw materials.

The plant has a capacity of 37 MWt

and 9.5 MWe. The new plant will increase the usage of wood for energy by 85 GWh/yr to some 280 GWh/yr.

News from RISI (www.risiinfo.com)

Södra begins Värö expansion

Södra has started the expansion of its Värö pulp mill, an initiative in which the pulp producer has invested more than four billion Swedish kronor.

The Land and Environment Court has now given Södra permission to begin the actual construction work and the expanded mill is scheduled to start up in the autumn of 2016.

This expansion involves increasing the current production capacity of 425,000 tonnes to 700,000 tonnes of pulp per year.

This will make the mill one of the biggest in the world in terms of softwood sulphate pulp production. Chief executive Lars Idermark said: "The paper pulp market is growing globally and now it will be possible for us to continue to grow together with our customers."

"The expansion at Södra Cell Värö is a measure which will reinforce our market position."

"We already supply high-quality pulp to a number of different customer segments, and we can now develop and underpin this."

Valmet will be supplying a new continuous digester and upgrades to wood handling, the fibre line, evaporation plant, soda recovery boiler, causticisation, flashdryer, drying machine and baling.

AUSTRALIA

K-C investing in bigger capacity

Kimberly Clark (K-C) has announced its intention to invest in operations at its Millicent mill in South Australia, expanding its capacity.

It declined to reveal the new target capacity of the plant, which can presently manufacture about 100,000 tonnes/yr of tissue.

Nor did it define the exact nature of the planned work, which is planned to roll out over the coming year at a cost of around A\$20 million (\$17.4 million).

Romania – overall weakness offset by strength in T&T

Romania had enjoyed a diverse and solid paper industry for many years. In the last decade, however, the shrinking global market for printing and writing and newsprint paper is being felt in Romania. Today's paper market is dominated by packaging, Towel and Tissue (T&T) (figure 1) with small specialty segments. Printing, writing and newsprint have all but disappeared as has market pulp. T&T has been a bright spot with a steady increase in production while the other grades have fallen off (figure 2). A shrinking global market may not be the only factor contributing to some of Romania's struggles. The available market is being shared (fought over) by many producers with small shares in the market. Only Rossmann has a leadership-level share at 30% (figure 3). T&T is not dissimilar in this regard with six companies having modest to small-size mills all contending for the local market (figure 4).

Romania's T&T production position in the region is competitive against

the bordering countries. In greater Eastern Europe, there are three large producing countries (Turkey, Poland and Russia) that far outpace Romania but the other producing countries, including the boarder countries, are less developed (see map). Romania ranks highest in production among the eleven smaller countries (figure 5). A trim versus speed diagnostic of the machines in Eastern Europe shows that Romania is in the middle of the set (figure 6) indicating neither advantage nor disadvantage in size and speed. A technical age assessment reveals a competitive position in line with upkeep and investment (figure 7).

The biggest contributor to cost is fibre. Comparing Romania to other Eastern European countries there is a mixed bag of fibre strategies in play. There are countries that are based fully on recycled fibre while others are all virgin. Romania is in the middle with about a 50/50 mix on the average (figure 8).

Country to country competitiveness



Bill Burns

Senior consultant,
Fisher International

is often driven by cost position. Romania is in a first quartile cost position, which is good, but it should be noted that the quartiles are compressed with the two largest producing countries dominating the second quartile (figure 9). Carbon emissions have the potential of impacting cost positions and disrupting this balance in the future. In this regard, Romania appears to be well positioned when modelling Eastern European carbon emissions (figure 10).

In the end, competitiveness in T&T tends to be mostly local. Typically, the company or mill with the best cost position and adequate capacity in their geographic proximity can have a marked impact on the market. Assuming all competitors make



In numbers: Romania

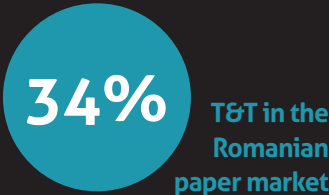
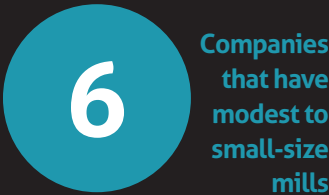
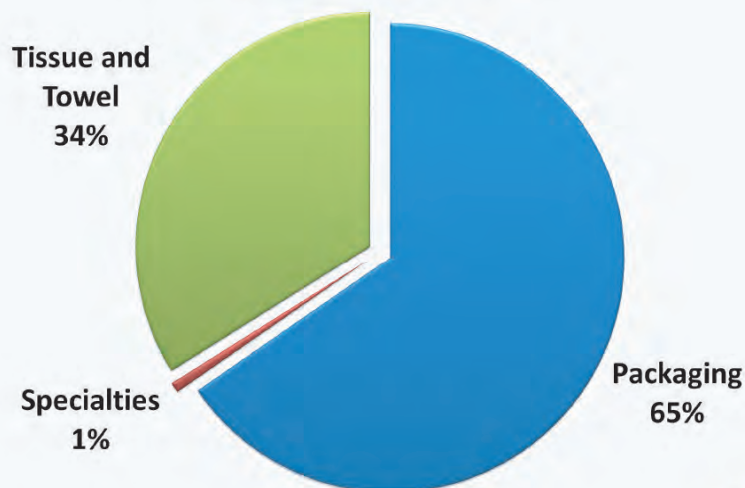


Figure 1

Romania Paper Market



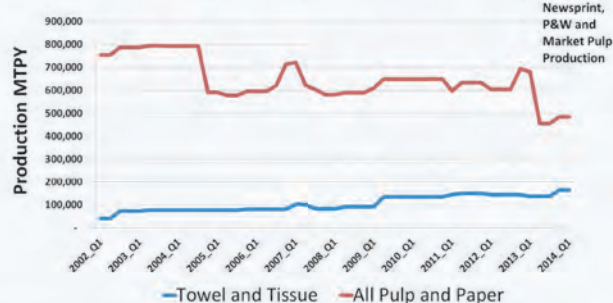
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'The available market is being shared (fought over) by many producers with small shares in the market.'

Figure 2

Romania Paper Market Trend

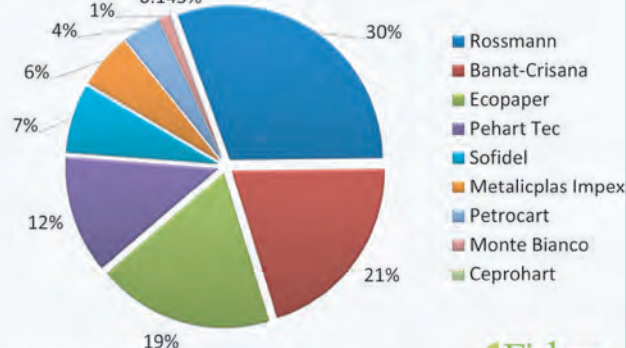


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Figure 3

Romania Paper Producers Market Share

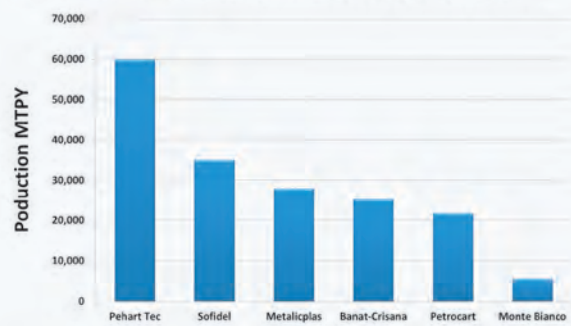


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Figure 4

Romania T&T Producers Market Share

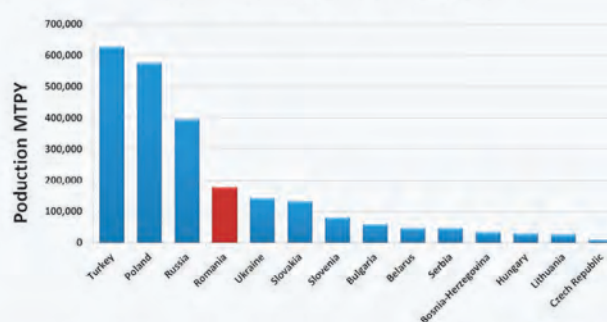


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Figure 5

Eastern Europe T&T Production



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JOHN'S NEEDS



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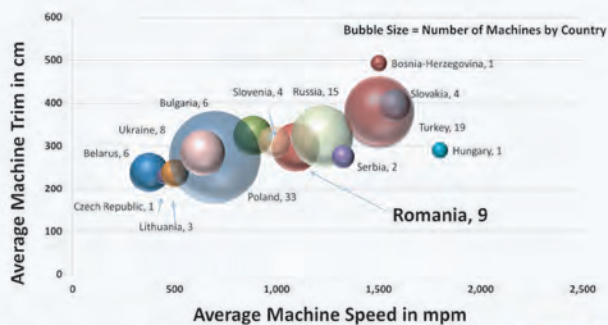
comparable quality products that meet end users' needs, the low-cost position should command the market. In Romania this appears not to be the case. The low-cost producers are capacity short while large scale producers have the highest costs. The largest producer

has nearly two times the production of the next closest and two to six times the production of the low-cost producers (figure 11). Thus, mills in an advantageous cost position appear unable to expand in the market. With the largest and highest cost producers setting market pricing,

the smaller low-cost producers should be enjoying good margins. There may be an opportunity in this market for a high capacity low-cost producer to achieve a very strong market position.

Figure 6

Eastern Europe T&T Machines

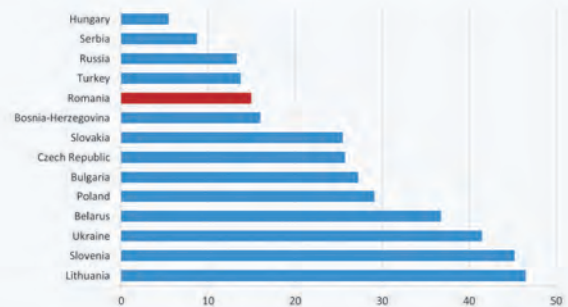


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Figure 7

Eastern Europe T&T Machine Technical Age

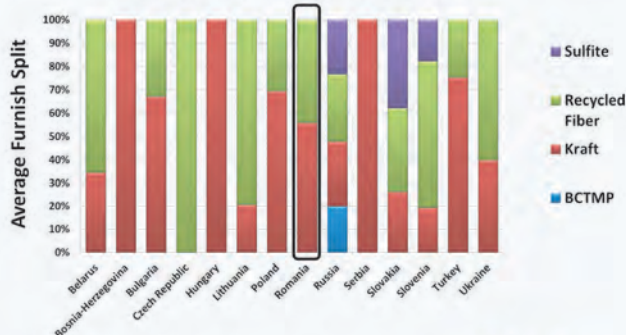


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Figure 8

Eastern Europe T&T Fiber Mix

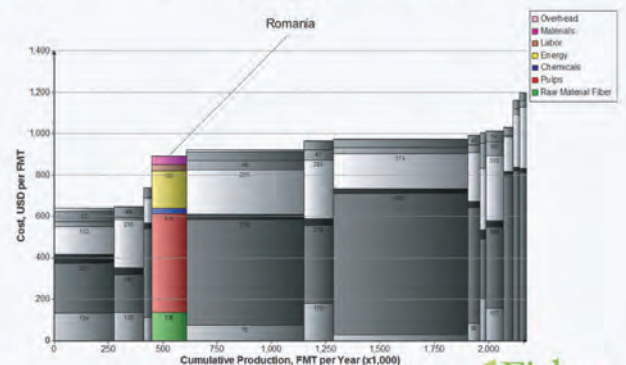


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Figure 9

Eastern Europe T&T Cost Curve

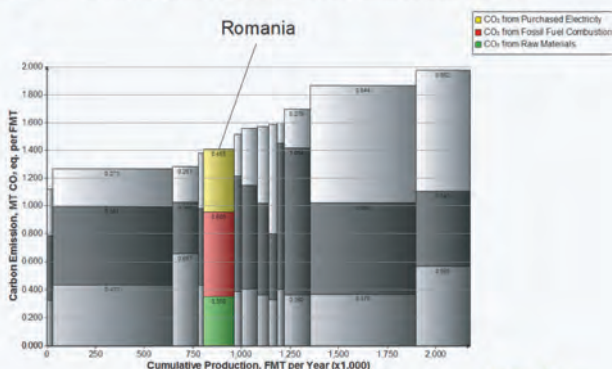


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Figure 10

Eastern Europe T&T Carbon Emissions Curve

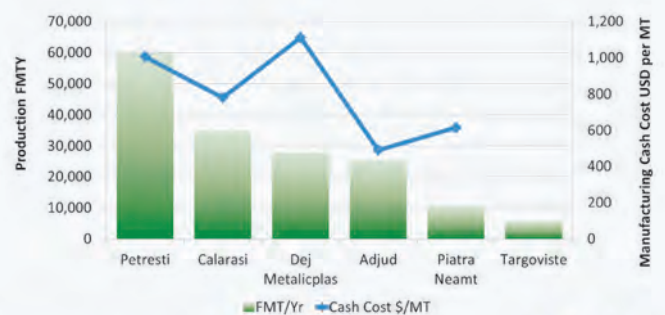


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Figure 11

Romania T&T Mills Cost versus Production



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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.

'The lowcost producers are capacity short while large scale producers have the highest costs.'

'Typically, the company or mill with the best cost position and adequate capacity in their geographic proximity can have a marked impact on the market.'

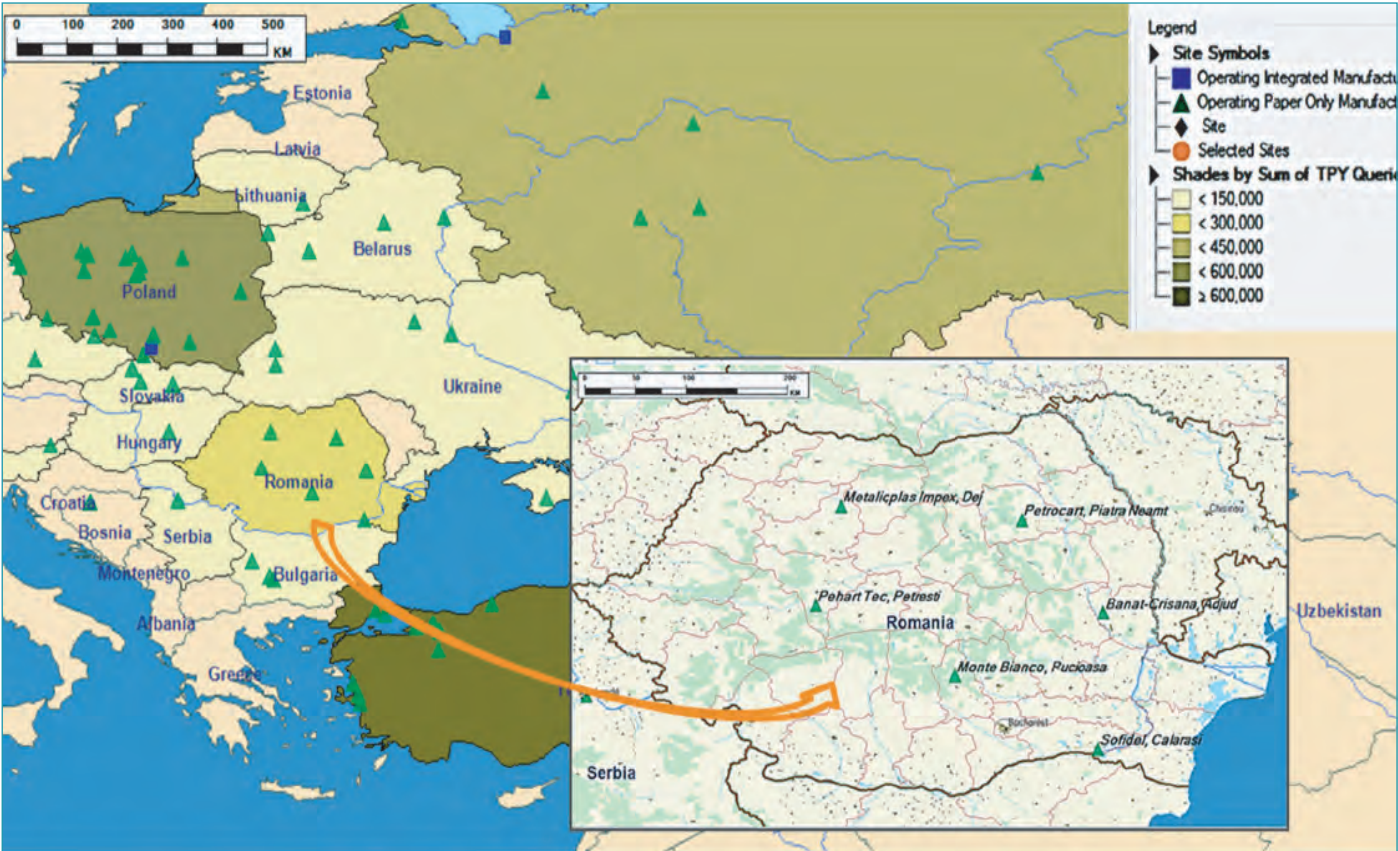
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Romania Operating T&T Mills Locations



Romanian retail tissue is on a roll

At US\$160 million, the Romanian retail tissue market is, on a global scale at least, a relatively small prospect – but that's not to say it should be overlooked. Underdeveloped categories combined with rising disposable incomes and a low per capita spend on retail tissue in general mean there are certainly rewards to be had for the right strategy.

Although too early for annual data, 2014 looks to be continuing on the same steady upward trajectory as was seen in 2013, when value growth stood at 5%, volume at 4%. Spurring on this healthy retail tissue market is a steadily recovering economy, bringing higher purchasing power to Romanian households. Since 2008 annual per capita disposable income has risen by just shy of US\$1,000 to reach US\$5,530. And, as disposable incomes have risen, per capita spend on retail tissue has also increased year-on-year, reaching US\$7.5 in 2013. This level of spend, however, remains one of the lowest in the region, suggesting further room for growth.

Private label changes the face of retail tissue

The growth seen in Romanian tissue is not all down to the easing of the country's economic circumstances – retailers have also played their part in driving the category. Recent years have seen a shift in the retail structure of the country, with the arrival of more supermarkets, hypermarkets and discount stores, and this evolution in retail has also heralded the arrival of private label products in tissue.

Tissue is a category with relatively low brand recognition in Romania and the arrival of supermarkets along with this channel's private label products was perfectly timed for consumers caught in the economic downturn. And, now, even though recovery is on the cards, consumers are unlikely to turn their back on private label. To take Romania's largest tissue category, toilet paper, as an example – despite rising disposable incomes, standard toilet paper has fallen from 49% of the market in 2009 to 36% in 2013. Economy toilet paper, in the form of private label, has picked up the bulk of the share, although it must be noted that some consumers have converted to recycled paper, which is, in many cases, a cheaper rather than an environmental option. Despite private label gaining traction, value growth in the US\$112 million category remains healthy at 5%, and similar growth is expected in the years to come.

The country's newly developed retail channels have instigated this shift from standard to economy. Supermarkets and discounters have invested heavily in their private label brands so that packaging looks the part and performance claims are substantiated. Consumers who traded down out of necessity have found that economy paper meets their needs in terms of performance, and are now unlikely to

trade up again, even if incomes allow. In fact, many consumers are unaware that they are buying private label at all and instead perceive the product simply as a good-quality, affordable brand.

So, despite the economic recovery, in the years ahead

private label is expected to experience further growth, primarily at the expense of local economy brands rather than international players, which operate in a different price spectrum altogether. It will be the local brands without the financial clout to invest in promotion and developing brand identity that suffer most as the market polarises between premium and economy.

Kitchen towels attract consumer attention

Frequently, value growth in retail tissue is spurred by one stand-out category, but this isn't the case in Romania, where healthy growth comes from across the board, with only tissue a little below par, as the category remains underdeveloped. Kitchen towels have, however, been the stand-out performer of late, registering value growth of 7% in 2013 – the highest of any category.

Consumer income and purchases of kitchen towels are strongly linked, with growth in disposable income levels matching the expansion of the kitchen towel 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. This benchmark was passed in Romania in 2008 and the category has seen steady growth ever since. Once the product becomes affordable, first the novelty then the convenience factor quickly appeals. Manufacturers, meanwhile, have made great efforts to grow this new-found appetite for the category, investing in awareness-raising campaigns.



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

'Despite the economic recovery, in the years ahead private label is expected to experience further growth, primarily at the expense of local economy brands rather than international players.'

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Trade Show: 15-17 March 2016
Conference: 14-17 March 2016
New Orleans Ernest N. Morial
Convention Center (Hall G)
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TWM
TISSUE WORLD MAGAZINE

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'As competition increases between international and local brands as well as private label counterparts, the key to winning share will be to offer added-value products at competitive prices.'

At US\$27 million, kitchen towels accounts for just 17% of the country's retail tissue market, remaining, for the time being, limited to higher-income consumers. However, providing the economy doesn't falter and disposable incomes continue their upward trajectory, growth is certain to continue in the years ahead. SCA and Sofidel lead the way in the category, taking the top three spots with their Zewa, Volare and Onda brands. However, it was local player Asil that saw the only increase in share during 2013 through its Senza brand.

Romanian consumers' weigh up quality and price

For Romanian consumers quality and price are a constant balancing act. Rather than opting for a tissue product simply because it is affordable, consumers instead seek to balance good quality at an affordable price – and, of late, this has served to benefit local player Asil. In kitchen towels, in particular, Asil has been able to leverage its relative competitive advantage in domestic production to offer less expensive products, while, at the same time, investing in raising brand awareness and ensuring product quality. Although Sofidel and SCA take the top two spots in Romanian retail tissue and combined account for 35% of the market, Asil, with its Senza and Gala brands, was the only branded manufacturer to see its share of the retail tissue market grow in 2013.

Investment and innovation a must

In the years ahead, this trade-off between price and performance

will define consumer purchasing decisions, influencing the path of tissue product innovation in Romania. While there is nothing revolutionary about consumers wanting to feel like they got a product worthy of the price they paid, whether a brand is positioned at the top or the bottom of the price spectrum, the key to success in Romanian tissue is appearing to the consumer to offer value for money.

As competition increases between international and local brands as well as private label counterparts, the key to winning share will be to offer added-value products at competitive prices relative to the price bracket. Innovation and investment is paramount across all categories and any reliance on price-based promotion could well prove counterproductive, damaging consumers' quality perceptions of the product involved and impacting on value sales. Packaging and product development, plus plenty of supporting marketing activity, should be high on the agenda for manufacturers.

A sure thing for steady growth – providing the economy holds

Looking ahead, the Romanian tissue market is predicted to register a 4% constant value CAGR over the forecast period to reach US\$190 million in 2018, although it must be noted that any slowdown in economic recovery would be a threat to category growth. All things considered, while there are many faster-growing markets out there, for steady gains across all tissue categories Romania shouldn't be overlooked.

'Packaging and product development, plus plenty of supporting marketing activity, should be high on the agenda for manufacturers'

Romania: in numbers

5%

Expected level of tissue value growth in 2014

US\$7.5

Per capita spend on retail tissue in 2013

7%

Kitchen towel value growth in 2013

35%

Combined market share of Sofidel and SCA in the country's retail tissue sector

By Helen Morris, Tissue World magazine editor

Forward-thinking and entrepreneurial: TWM visits Sofidel's Comceh mill in South Eastern Romania to find out about a company and marketplace packed with potential.

"Supporting the Volare brand and increasing the Regina brand's awareness are key," Carlo Ferrero, the Italian-born country operations manager of Sofidel's Comceh, Calarasi-based tissue plant, tells TWM. "Sofidel is fairly new to the Romanian marketplace and to grow the presence of brands, it takes time to establish when you are new. However, we are now leading the Romanian tissue market and have a 23.3% market share."

The Italian tissue giant completed the acquisition of Comceh through its Polish subsidiary Delitissue in 2010. The mill is located between Bucharest and Costanza near the Bulgarian border, and its purchase meant Sofidel gained access to target markets in the South East of Europe.

"The Romanian tissue market has seen a lot of changes in terms of the presence of retailers in larger cities."

Originally established in 1964, the site now produces 37,000tpy of tissue paper reels and manufactures finished products for the consumer market, private label and AfH marketplace. A third converting line dedicated to the country's growing AfH market was started up in 2013 and Ferrero says the company now sells specialties and new technologies into the AfH sector, offering different types of fibres in line with the sustainability policy of Sofidel.

The Romanian tissue market is primed for investment and innovation: it's predicted to register a 4% constant value CAGR to reach US\$190 million in 2018, and there is demand for 115,000tpy across the country's near 20 million population. An increasingly steady economy, rising disposable incomes and underdeveloped tissue categories are rapidly changing the face of the market.

Kitchen towel is one example of a key growth area, having seen growth reach 7% in parts of the country in 2013 - the highest of any tissue category. Ferrero says there are parts of Romania that don't use kitchen towel and that the product is still limited to higher-income consumers. "In 2007, the kitchen towel market here was very simple with little variety, the majority of products were yellow paper and single colour print," he says. When the company installed the second converting line it introduced a new product into the market, a four-colour product. "You can compare it with what's on offer in Western Europe. We're seeing a lot more products with gifts, etc. There's a lot of potential and at the very minimum we should see double the demand."

He says some tissue and towel products have practically zero use in many parts of Romania, adding that before 1990 kitchen towel wasn't available. "It's very different in the big cities compared with rural Romania. In some rural areas they're not using these products."

Changing demographics have also dramatically impacted the demand



for private label tissue products, which is also expected to experience further growth, although Ferrero adds not at the rate of in Germany where it dominates at around 83.

Comceh added the Regina brand to the company's private brands portfolio in 2011. "Metro, Carrefour, Kaufland.. they all sell our branded and private label products," Ferrero says. "The Romanian tissue market has seen a lot of changes in terms of the presence of retailers in larger cities and also of supermarket chains in rural Romania. We've seen new retailers that have come into rural Romania and this has provided a great opportunity for us for all of our tissue products. Our market strategy has been and continues to be "less is more", we try to optimise the available resources."

Value wise, 38% of the company's products are private label, while brand makes up to 50%. "Here, the trend is very much moving towards private label, which in this area of Romania represents around 46%," he says. "The economy is growing by

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By Helen Morris, Tissue World magazine editor



L-r: Comceh's country operations manager Carlo Ferrero, HR manager Gigi Matei and plant manager Sorin Vrabie

2.3%; in comparison to some other countries in Europe we are in a good situation. Ratio in terms of debt over GDP is at 39%, and Romania's inflation rate is 1.2% in October 2014, with an unemployment level of 7.2%. Retailer sales are 4% and private consumption is 3.2% in Romania."

However, he adds per capita consumption is still at a low level in Romania (5 to 6Kg/person) with comparable countries. "In Greece it's 12%, Poland it's 13-14%... it's because many older Romanians don't have the habit of tissue and towel use. But we are seeing the demographics changing a lot, which is having an impact on habits. More and more single people are here in Romania and so we're seeing a faster increase in the consumption

of tissue and towel as a result."

Some 87% of Comceh's finished products are sold locally while the rest goes abroad to Hungary, Bulgaria and Poland.. Some 45% of its jumbo rolls are sold locally with the remaining exported into Poland, Bulgaria, the Czech Republic. "We will continue to supply abroad and boost our finished product, and also boost our AfH presence."

"Sofidel's move into the Romanian marketplace through Comceh has started to be successful, he says. "The mill here has seen different management styles from the beginning of the century and this shows the flexibility of the employees to accept and embrace different type of guidance and cultures. These past few years

we've made a lot of changes with our workforce and you know, you can have all the best ideas in mind, but in the end you need a consolidated team of people to succeed. We hired new managers to get new blood and new ideas in and last, but not least, we have benefit of the high quality support and experience of Sofidel."

"Over the next few years, brands are where our growth is," he adds. "In 2014, our sales increased 5.4% and we improved our financial position. Operational wise, our focus now is on energy reduction and on costs optimisation to guarantee a more sustainable business. At the same time, we continue to strength our management and to develop the skills of our employees in order to become more competitive."

Comceh's mill is located between Bucharest and Costanza near the Bulgarian border.

Its purchase meant Sofidel gained access to target markets in the South East of Europe.



By Helen Morris, Tissue World magazine editor



By Helen Morris, Tissue World magazine editor

Steeped in history, a recent TM investment is keeping Petrocart one-step ahead of the competition in a fast changing tissue market

A rapid introduction of all the big retailers into the Romanian tissue market has challenged the mainly local tissue manufacturing companies to step up their game

In the six hours TWM spends at Petrocart's Piatra Neamţ-based site, director general Adrian Vais's conversation ranges from the Romanian tissue market to the benefits of regular swimming for the body's blood flow; where the Chinese tissue industry will build its bridge into the rest of the world; his love of local Romanian art, the vital philosophy behind skiing; and a café he once visited in Cuba frequented by the notorious American gangster Al Capone.

His English is superb, as are his frequent use of metaphors to emphasise his many points, and he speaks with consideration and humour throughout the interview.

The mill is located minutes from the bustling city of Piatra Neamţ in the historical region of Moldavia, eastern Romania, and close to the border of the Ukraine and Moldova. It lies in the Bistriţa River Valley and is surrounded by the Eastern Carpathian Mountains, none of which are visible during TWM's trip as the city and mill are under heavy snow and clouds.

Vais's office is home to several trophies, a sculpture, and eight or so large pieces of local art. The office doors appear to be clad in leather, and during our meeting he brandishes a piece of transformer board shaped like a riding crop. He takes great delight in using it to emphasise his opinions throughout our chat, in particular when talking about certain competitors.

The transformer board is in fact part of the company's deep manufacturing history, which goes back 107 years. Petrocart started producing boards from wood in 1908 and then transformed its business to produce writing papers and quality

tissue on an old machine. The focus is now on tissue, which Vais says "is largely recession-proof". "I don't want to have a museum here, we have to keep moving and that's why we've invested in the new Toscotec machine to stop old unprofitable activities and start new profitable ones." The new "baby machine" was started up in May 2014: "It's been something new every day," he says. "But something new keeps us moving in life."

The investment was made in response to fast changing conditions in the Romanian tissue market. Over the past few years the country has seen the rapid introduction of big retail channels which have substantially changed the face of the marketplace. The arrival of more supermarkets, hypermarkets and discount stores has also heralded the arrival of private label products, and it continues to change the face of retail tissue. "We had a very solid market without modern systems of selling," Vais says, "but that's changed dramatically over the last few years in particular as we've seen the introduction of all the big retailers, Metro, Carrefour.. a lot of the German supermarkets as well as the French and Belgium."

This has instigated a consumer shift from standard to economy tissue products and there still remain largely underdeveloped tissue categories and regions throughout Romania. "Private label is very, very powerful," he says. "In all Romania it has 70% of the market, although I believe in the future this will decrease to 50%. We will see this drop because we will become wiser and the fight will depend 100% on prices, and we will continue to increase our expertise and efficiencies. We will fight back with our own brands." He pauses, before adding: "It's like the naughty



corner at school, we should have that here. I do hope this 70% will decrease anyway, I am not Mighty Mouse."

Other players in the Romanian tissue market are also "quite unlike those in other markets in the country". "They are all largely local players here. Even in banks, aviation or car production, they're all 100% foreign-owned companies. Globalisation is everywhere, but not in tissue here, not even in converting. And that makes it very interesting."

Sofidel is one global company that fairly recently came into the Romanian market, and Vais says it "has expertise in many areas, with its experiences with other factories and foreign management. But maybe it's fair to say that we better know the domestic markets here and that they know the foreign markets more. Ultimately, we have the same goal: to make profit."

Turkish tissue players – many of which are expanding heavily – are not in the Romanian market at the moment: "Maybe they have some mother rolls here, but if they're not here now I don't believe they will be tomorrow. They are very, very active,

and production there in Turkey is increasing very rapidly. Turkey's population is more than four times that of Romania's and their urbanisation is increasing rapidly."

Romanians also expect to see investment from China, although "not on the level of another Great Wall of China, but definitely in infrastructure". "The gap in terms of consumption and population in China is ginormous," he adds. "In terms of my knowledge, the Chinese philosophy is to do with consuming less and producing more. There is a lot of overcapacity there and that provides a lot of opportunity to export machines to convert tissue products at lower prices. The Chinese are improving their products because they stock for the bigger companies, they stock everything. They want to have a bridge into this part of the world and beyond, so the big so-far unanswered question is where will that be?"

In comparison, there is a substantial difference in the potential that has been actualised in the Romanian tissue market. "It's a very distinctive market here.

Total production is 140,000tpy and demand nearly matches that. Romania exports around 40-50,000tpy and also imports the same amount, and there's a lot of difference in quality and price."

The "big difference" between Romanian consumption and Western European consumption means there's a lot of potential. When Vais started to produce tissue 25-30 years ago, consumption was two to three kilos per capita, whereas in the USA it was 17. Today in Romania it's six to eight, while in Italy it's 20 per capita. "In Romania, urbanisation and what that means in terms of retail products, has to be a part of normal life here. We see what happens around Moldavia, there's constant growth. We see 3-4%, we don't want to be more optimistic than that and sell you lies. In this area, tissue is the single product that is increasing – we're seeing no increase in demand for food or alcohol. Demand for hard liquors in fact is 36% down this year."

Petrocart



Atelier F1

By Helen Morris, Tissue World magazine editor

While the Romanian economy continues to see steady growth, the demographical make-up is a challenge. "It's not very clear here," he says. "Young people prefer to leave Romania and the population is getting older and older. Romanian incomes are not necessarily becoming more disposable. A lot of Europe is in the same position. We are in Europe and we are still in crisis. The difficulty is investment and whereas countries such as the USA has invested a lot in new tissue machines, Europe hasn't seen as much."

Having said that, he adds that the tissue market in this region is still expected to increase 3-4% in 2014. The product that has the most potential here is kitchen towel and industrial towel, which is available at a moderate price and quality has increased. "The rest of the tissue market here isn't so booming, but there is potential, and also a lot of potential for export."

Some 50% of the site's products are currently exported, although, grinning, he declines to comment where.

The local market is a steadily increase in demand for AfH products and there is growing competition from companies from Poland or Slovakia that are more involved in this area. "But we are trying to change the balance, we are aware of this and we fight. It's just today that the balance is in their favour." Environmentally-friendly products are also becoming more popular here: "The majority of the tissue companies that are still living – which is very important – put a lot of money on it."

Vais's train of thought is interrupted by his mobile's funky ring tone, which he glances at before apologetically announcing: "Ah, it's important - it's my ski partner!" and briefly answering the call. Moments later he tells me he will soon be going skiing, before adding: "It is so crucial to keep the mind moving, and that is what skiing does. You don't even have to be able to ski well, it's just about being up there in the mountains, it does something immensely positive to your brain cells." He also swims regularly. "It's very important to keep your body in



"There is a battle here and it isn't very elegant. It forms an intricate pallet of prices, quality and the right timing": Petrocart director general Adrian Vais

One of the computer screens at the company's Piatra Neamț-based site

activity, to keep the blood running."

Back on topic, he says the competition is very much present in Romania. "I can't say we all have the same interests at heart, there is a battle here and it isn't very elegant. It forms an intricate pallet of prices, quality and the right timing. We have to apply all of this, we have the obligation."

"Our mill's location in Romania isn't great," he says. "We're not close to the principal cities and the infrastructure isn't in my favour. We push but it's a political game, and political games are too high for us. The European Union isn't investing here, maybe in the future, but not at the moment."

For Petrocart, the next immediate urgency is to improve its converting line. "We actively put our 106 years of experience into our business philosophy," he says. "We are making the transportation easier, and that's one of our main issues. This area is probably one of the very poorest parts of Europe. We push the political games where we can to see better results. In my vision, a lot of interest has to be here to have the chance to balance."



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PIX Pulp indices 11.11.2014

NBSK pulp Europe

September 2014 market pulp statistics were stronger than expected, even when taking into account the seasonal factors. Delivery numbers were stronger than expected and the fall of the producer inventories was larger than what most analysts had anticipated. Maintenance downtime-related and other production losses were still quite significant, compensating in BSKP the continued weakening of the demand. In addition to the losses of about 200,000 tpa at Pöls, which will continue to run with the old recovery boiler until summer 2015, production was also lost in the various maintenance stops and in some unforeseen stoppages. Our PIX NBSK index value moved down by 18 cents, or by 0.02%, and closed at 932.26 USD/tonne. Euro weakened by 1.0% against the US dollar. When converting the dollar-value into the weakened euro, the benchmark moved up by as much as 7.73 euro, or by 1.04%, and the PIX NBSK index in euro ended at 752.25 EUR/tonne.

BHK pulp Europe

In BHKP, some production losses were also seen during the fall, especially in Latin America where September is traditionally a month of maintenance downtime. On the flip side, production volumes continued to be ramped up at some of the new mills. The recent capacity increases and production records show also in the shipments when comparing the performance between the different grades. The two closures of BHKP mills, Old Town and Huelva, have removed over 600,000 tpa of market BHKP during the year 2014 which partially compensates the big increases in production elsewhere. The value of Euro fell by 1.0% against the US dollar. With the weakening of Euro continuing, the PIX BHKP index value in Euro headed again north quite clearly, this time by 8.21 euro, or by 1.41%, and landed at 591.87 EUR/tonne. The PIX BHKP index value in dollars increased, too, this time by 2.52 USD/tonne, or by 0.34%, and closing at 733.50 USD/tonne.

Paper industry

Tissue sector volumes have been clearly disappointing this year as at least 2% global growth was anticipated by the industry analysts and hardly any growth has been seen so far. Only a limited amount of September data is available. Based on that, the month of September may have been slightly better than the industry average so far. Still, tissue industry growth has been very slow, especially when taking into account the

Lars Halén

Senior manager,
FOEX Indexes

Timo Teräs

Managing director,
FOEX Indexes

large investments into this sector, most of them proportionally in Asia and Middle-East.

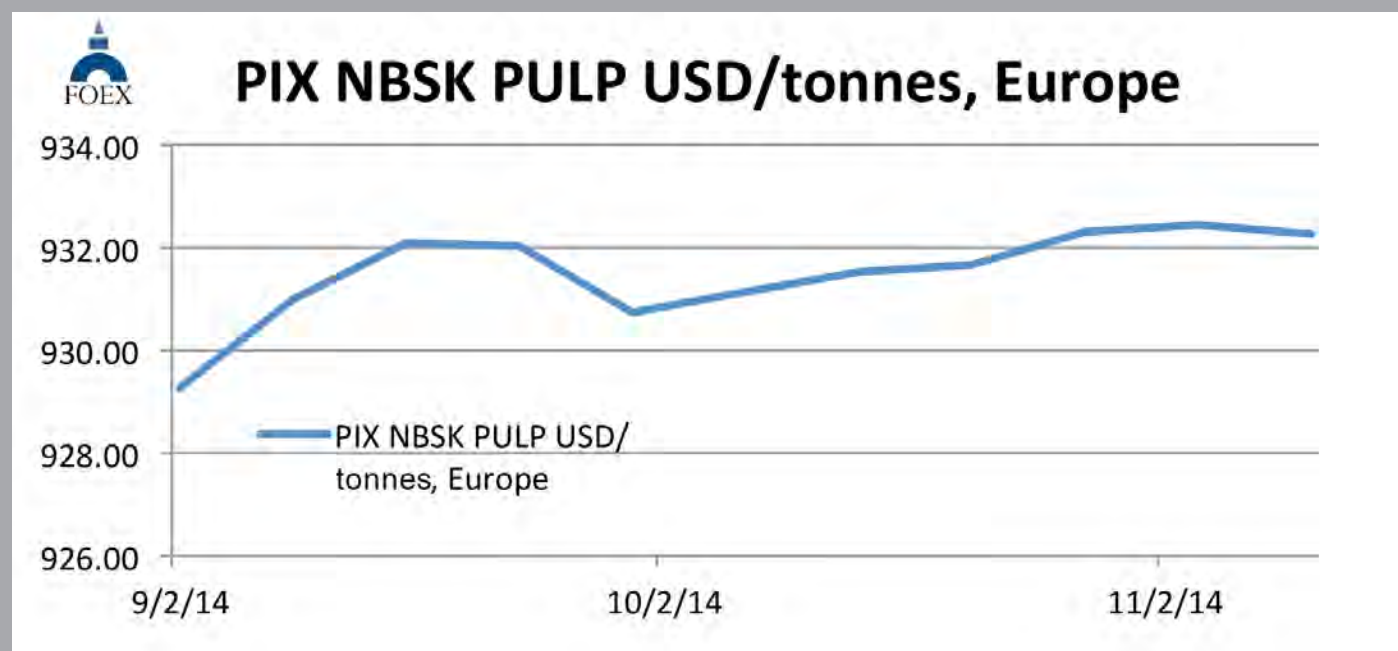
The structural downward trend continues in the publication and office paper sectors in the industrialised countries and capacity closures, or conversions to non-publication paper products continue to be seen, especially in North America and in Europe. China continues to close old, polluting paper and board machines, most of them non-wood pulp based. The difference seen between the North American and the European markets has been the timing of the capacity exits. In North America, the supply reductions come together with the loss of demand and order books, while in Europe the companies seem to react "after-the-fact" to the already materialised declines.

The reports from the packaging sector are more positive and September volumes were, most likely, up more against 2013 than the average of the first eight months. For instance in the US, paperboard production was up from last year in September by over 4% whilst the cumulative growth, including September, stands at just +0.9%. Good demand growth is needed too as also in this sector the capacity growth is substantial.

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/

'The two closures of BHKP mills, Old Town and Huelva, have removed over 600,000 tpa of market BHKP during the year 2014 which partially compensates the big increases in production elsewhere.'

Source: FOEX Indexes Ltd



FOEX Indexes Ltd 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 or via the following link 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.

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- 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.

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Project Survey

China dominates with Brazil the next leader in TW

Recessionary climates and a global slowdown in many tissue markets do not seem to have drastically impacted the amount of new tissue projects that are

planned worldwide over the next two years.

TWM's 2014 Project Survey responses chart new capacity being added, ordered or in final planning stages in 2014-

COUNTRY	COMPANY MILL	INVESTMENT	PM NO	NEW / REBUILD	START-UP DATE	CAPACITY CHANGE (tonnes/yr)
Abu Dhabi	ADNPM	NA	NA	New	2015	30,000
Algeria	Faderco	Setif	NA	New	2015	30,000
Argentina	Celulosa Argentina	NA	1	New	2015	30,000
Argentina	Celulosa Campana	Buenos Aires	3	New	2015	100,000
Argentina	Celupaper	Papelera Nicaragua	3	New	2015	13,600
Asia	Confidential	Confidential	1	New	2016	60,000
Asia	Confidential	Confidential	1	New	2016	60,000
Asia	Confidential	Confidential	2	New	2016	60,000
Asia	Confidential	Confidential	3	New	2016	60,000
Asia	Confidential	Confidential	4	New	2016	60,000
Asia	Confidential	Confidential	5	New	2017	60,000
Asia	Confidential	Confidential	6	New	2017	60,000
Asia	Confidential	Confidential	2	New	2016	60,000
Australia	Confidential	Confidential	1	Rebuild	2015	NA
Brazil	Araucária	NA	1	Rebuild	2015	17,000
Brazil	Caprima	NA	1	Rebuild	2014	16,000
Brazil	Carvalhoira	NA	1	Rebuild	2015	NA
Brazil	Claramax	NA	1	New	2015	19,350
Brazil	Confidential	NA		New	2016	45,600
Brazil	Confidential	NA		New	2016	70,000
Brazil	Confidential	NA	4	New	2016	28,800
Brazil	Confidential	NA	2	New	2014	21,300
Brazil	Indaial Papel e Embalagem	NA	4	New	2014	28,000
Brazil	Mili	NA	7	NA	2014	70,000
Brazil	Mili	NA	8	New	2016	45,600
Brazil	Mili	NA	4	Rebuild	2014	4,000
Brazil	OL Papéis	NA	2	New	2014	21,300
Brazil	SEPAC Mallet	NA	5	NA	2014	35,000
Bulgaria	Claire's		2	New	2015	75tpd
Chile	Forestal y Papelera Concepcion	Concepcion	1	New	2015	70,000
China	Baoding Lanhai Paper	NA	1	New	2014	17,000
China	Baodingshi Gangxing Paper	NA	3	New	2014	17,000
China	Confidential	Confidential	4	New	2015	32,000
China	Confidential	Confidential	3	New	2015	32,000
China	Confidential	Guanxi	1	New	2015	21,000
China	Confidential	Guanxi	2	New	2015	21,000
China	Confidential	Confidential	1	New	2014	17,000
China	Confidential	Confidential	2	New	2014	17,000
China	Confidential	Confidential	NA	New	2014	NA
China	Confidential	Confidential	NA	New	2014	NA
China	C&S Paper Co	Chengdu (Sichuan)	5	New	2015	32,000
China	C&S Paper Co	Chengdu (Sichuan)	6	New	2014	27,000
China	C&S Paper Co	Luoding Guangdong	1	New	2014	50,000
China	C&S Paper Co	Luoding Guangdong	2	New	2014	50,000
China	Ganzhou Hwagain	Ganshou City Jiangx	2	New	2014	60,000

2014/15

M's latest Project Survey

2015. All the figures in the survey are based on the best information provided. This has included TWM's own extensive research, which has included relying on reliable responses

'Outside of China, more and more of this growth is still focused on or from countries such as Brazil and Turkey.'

PM TRIM (m)	PM SPEED (m/min)	SUPPLIER	COMMENTS
2.8	2000	Valmet	Advantage NTT
2.6	1800	Valmet	Advantage DCT 100+
2.8	1.800	Voith	New Voith VTM1 with NipcoFlex T shoe press & Steel Yankee
2.7	1.700	Recard	To be erected.
2.7	1000	Toscotec	MODULO
5.6	2000	Toscotec	AHEAD-2.0L steam
5.6	2000	Toscotec	AHEAD-2.0L Steam
5.6	2000	Toscotec	AHEAD-2.0L Steam
5.6	2000	Toscotec	AHEAD-2.0L Steam
5.6	2000	Toscotec	AHEAD-2.0L Steam
5.6	2000	Toscotec	AHEAD-2.0L Steam
5.6	2000	Toscotec	AHEAD-2.0L Steam
5.6	2000	Toscotec	AHEAD-2.0L steam
2.7	1800	PMP	Tissue Machine Rebuild (TM conversion into CF - Intelli-Jet V® Hydraulic Headbox, Intelli-Former® CF, new SPR, Intelli-Reel®)
2.5	700	Hergen	New ribbed Steel Yankee dryer and press section rebuild
2.5	1000	Hergen	New ribbed Steel Yankee dryer
2.8	1600	Hergen	PM Upgrade into new Crescent Former
2.8	1200	Hergen	New Crescent Former Smart Eco
2.8	2200	Hergen	New Crescent Former Avantis 18
5.6	2000	Voith	Voith VTM4 with NipcoFlex T shoe press & Steel Yankee
2.8	1600	Hergen	Complete tissue machine and stock preparation
3.6	1200	Hergen	Complete tissue machine and stock preparation
2.8	1600	Hergen	New Crescent Former Avantis 16
5.6	2000	Voith	Recently started up, VTM4 with NipcoFlex T shoe press & Cast Iron Yankee
2.8	2200	Hergen	New Crescent Former Avantis 18
2.8	NA	Voith	Recently started up, 1x NipcoFlex T shoe press rebuild
2.8	1200	Hergen	New Complete Crescent Former machine
2.8	2000	Voith	Recently started up,VTM2 with NipcoFlex T shoe press, Steel Yankee and thermal oil hood
2.8	1200	Recard	New paper machine
5.6	2000	Valmet	Advantage NTT 200
2.8	1000	Kawanoe Zoki	BF1000
2.8	1000	Kawanoe Zoki	BF1000
3.4	1500	Toscotec	AHEAD-1.5M
3.4	1500	Toscotec	AHEAD-1.5M
2.8	1500	Toscotec	AHEAD-1.5M
2.8	1.500	Toscotec	AHEAD-1.5M
2.8	1000	Kawanoe Zoki	BF1000
2.8	1000	Kawanoe Zoki	BF1000
2.99	600	PMP	Intelli-Jet V® Hydraulic Headbox
3.6	1000	PMP	Intelli-Jet V® Hydraulic Headbox
3.5	1650	Toscotec	AHEAD-1.5M
2.8	1700	Toscotec	AHEAD-1.5S
5.6	1900	Andritz	PrimeLineST W8 (Steel Yankee)
5.6	1900	Andritz	PrimeLineST W8 (Steel Yankee)
5.6	2000	Andritz	PrimeLineTM W6

from companies when they have been asked to detail their present and future developments.

Many of the projects are subject to revision as, in many cases, information was not provided because it was deemed commercially sensitive or subject to financial uncertainty.

It's also the case that a distinctive feature of this time in the cyclical development of tissue production is marked by the timely closure of old facilities to make way for the new.

In some cases, it is evident that delayed start-ups have meant projects have been repeated from last year's survey; some of the 'new' capacity announced this year in fact includes some of last year's estimate.

A number of companies also issued projections for impressive tonnes per day figures, which will add, in the terms of the survey, unknown capacity.

With that in mind, in the past 12 months the global tissue industry has seen another substantial amount of new capacity announced or coming on stream, with 146 projects in the pipe line, of which 52 are in China.

Last year's Project Survey charted 151 projects, with China claiming half of them.

Project Survey

As with last year, the scale of these machines is also significant – a large proportion of these new start-up machines have widths of 5.6m.

Outside of China, more and more of this growth is still

focused on or from countries such as Brazil and Turkey.

However, it is still clearly an uncertain market with a mixed picture of startups and closures across the world.

Chinese capacity expansions are rampant and project

COUNTRY	COMPANY MILL	INVESTMENT	PM NO	NEW / REBUILD	START-UP DATE	CAPACITY CHANGE (tonnes/yr)
China	Guangdong Shaoneng	Shao Guan	1	New	2015	25000,000
China	Hebei Xuesong Paper	Hebei Xuesong Paper	1	New	2014	60tpd
China	Hebei Xuesong Paper	Hebei Xuesong Paper	2	New	2015	60tpd
China	Hebei Yihoucheng	Baoding Hebei	1	New	2014	25,000
China	Hebei Yihoucheng	Baoding Hebei	2	New	2015	25,000
China	Henan Hulijia Paper Co	Henan Hulijia Paper	3	New	2014	50tpd
China	Hengan Changde	Changde	17	New	2014	60,000
China	Hengan Changde	Changde	18	New	2014	60,000
China	Hengan Chongqing	Chongqing	23	New	2015	60,000
China	Hengan Chongqing	Chongqing	24	New	2015	60,000
China	Hengan Wuha Paper Co	Wuhu, Anhui	20	New	2015	60,000
China	Lee & Man	Chongqing	NA	New	2015	60,000
China	Lee & Man	NA	NA	New	2014	70,000
China	Shandong Dongshun Paper	NA	2	New	2014	17,000
China	Shandong Dongshun Paper	NA	15	New	2014	20,000
China	Shandong Dongshun Paper	NA	1	New	2014	18,000
China	Shandong Dongshun Paper	NA	14	New	2014	17,000
China	Shandong Dongshun Paper	NA	16	New	2014	20,000
China	Shandong Dongshun Paper	NA	17	New	2015	20,000
China	Shandong Dongshun Paper	NA	18	New	2015	20,000
China	Shandong Dongshun Paper	NA	2	New	2015	18,000
China	Shandong Hengan Paper Co	Weifang, Shandong	21	New	2015	60,000
China	Sun Paper	Yanzhou, Shandong	28	New	2015	60,000
China	Sun Paper	Yanzhou, Shandong	27	New	2014	60,000
China	Vinda Paper	Deyang (Sichuan)	1	New	2015	32,000
China	Vinda Paper	Jiangmen (Guangdong)	7	New	2014	32,000
China	Vinda Paper	Jiangmen (Guangdong)	8	New	2014	32,000
China	Vinda Paper	Longyou (Zhejiang)	1	New	2014	28,000
China	Vinda Paper	Longyou (Zhejiang)	2	New	2014	28,000
China	YFY DingFung	YFY DingFung	1	New	2015	80tpd
China	YFY DingFung	YFY DingFung	2	New	2015	80tpd
China	YFY Yangzhou	YFY Yangzhou	7	New	2014	80tpd
China	YFY Yangzhou	YFY Yangzhou	8	New	2014	80tpd
China	Yuen Foong Yu	Ching-Shui (Taiwan)	9	New	2015	40,000
China	YunJing	Jingu, Yunnan	1	New	2014	30,000
China	Zhejiang Jingxing	Pinghu, Zhejiang	1	New	2014	25,000
China	Zhejiang Jingxing	Pinghu, Zhejiang	2	New	2015	25,000
Confidential	Confidential	NA	2	New	2015	90tpd
Confidential	Confidential	NA	1	New	2015	50tpd
Ecuador	Inpaecsa	NA	1	New	2014	14,000
Europe	Confidential	Confidential	2	New	2015	33,000
France	Wepa Lille	Bousbecque	18	New	2015	35,000
Germany	Fripa Miltenberg	NA	7	New	2014	35,000
Germany	Wepa	Giershagen	19	New	2015	35,000
Guatemala	Papelera International (Kruger Group)	NA	5	New	2014	125tpd
Indonesia	PT Suparma	Surabaya	9	New	2015	25,000
Indonesia	Sukoanyar	NA	1	NA	NA	25,000

2014/15

delays are only partially helping the overcapacity situation, which continues to feed a fierce price war and to provide much uncertainty to the industry. The Chinese nor the global market can absorb all of its planned capacity and it remains to be seen how this will continue

'In some cases, it is evident that delayed start-ups have meant projects have been repeated from last year's survey; some of the 'new' capacity announced this year in fact includes some of last year's estimate.'

PM TRIM (m)	PM SPEED (m/min)	SUPPLIER	COMMENTS
2.8	1.600	Andritz	PrimeLineCOMPACT II (Steel Yankee)
2.8	1200	PMP	Intelli-Tissue® 1200 EcoEc
2.8	1200	PMP	Intelli-Tissue® 1200 EcoEc
2.8	1600	Andritz	PrimeLineCOMPACT II (Steel Yankee)
2.8	1600	Andritz	PrimeLineCOMPACT II (Steel Yankee)
2.8	1200	PMP	Intelli-Tissue® 1200 EcoEc
5.6	2000	Andritz	PrimeLineTM W8 (Steel Yankee)
5 6	2000	Andritz	PrimeLineTM W8 (Steel Yankee)
5.6	2000	Andritz	PrimeLineTM W8 (Steel Yankee)
5.6	2000	Andritz	PrimeLineTM W8 (Steel Yankee)
5.6	1.9	Valmet	Advantage DCT 200
5.6	2000	Valmet	Advantage DCT 200HS
5.6	2000	Voith	VTM4 with shoe press, Steel Yankee and Steam Hood
2.8	1000	Kawanoe Zoki	BF1000
2.9	1300	Kawanoe Zoki	DCT60
2.9	450	Kawanoe Zoki	BF1200TW - Heavy weight towel
2.8	1000	Kawanoe Zoki	BF1000
2.9	1300	Kawanoe Zoki	DCT60
2.9	1300	Kawanoe Zoki	DCT60
2.9	1300	Kawanoe Zoki	DCT60
2.9	450	Kawanoe Zoki	BF1200TW - Heavy weight towel
5.6	1.900	Valmet	Advantage DCT 200
5.6	2.000	Andritz	PrimeLineST W8 (Steel Yankee)
5.6	2000	Andritz	PrimeLineST W8 (Steel Yankee)
3.4	1500	Toscotec	AHEAD-1.5M
3.4	1500	Toscotec	AHEAD-2.0M
3.4	1500	Toscotec	AHEAD-2.0M
3.4	1500	Toscotec	AHEAD-1.5M
3.4	1500	Toscotec	AHEAD-1.5M
2.8	1600	PMP	Intelli-Tissue® 1600 Advanced
2.8	1600	PMP	Intelli-Tissue® 1600 Advanced
2.8	1600	PMP	Intelli-Tissue® 1600 Advanced
2.8	1600	PMP	Intelli-Tissue® 1600 Advanced
3.6	1700	Toscotec	AHEAD-1.5M
2.8	1.800	Valmet	Advantage DCT 100+
2.8	1.900	Andritz	PrimeLineST C8 (Steel Yankee)
2.8	1.900	Andritz	PrimeLineST C8 (Steel Yankee)
3.2	1200	Recard	New plant
2.2	550	Recard	New plant
2.8	1300	Hergen	New complete Crescent Former machine
2.8	1.900	Toscotec	AHEAD-2.0S
2.8	2000	Toscotec	AHEAD-2.0S
2.8	2200	Voith	Recently started up Voith VTM2 with NipcoFlex T shoe press and cast iron Yankee
2.7	2000	Toscotec	AHEAD-2.0S
2.7	1800	Recard	New plant
2.8	1600	Valmet	Advantage DCT 100+
2.8	1600	Voith	Recently started up, VTM1 with NipcoFlex T shoe press, Steel Yankee and Steam Hood

to impact the market's margins.

Tissue giants including Asia Pulp and Paper as well as Hengan International have delayed their aggressive tissue investment plans as a reaction to the oversupply situation and heavy competition.

In North America, the focus of most investments continued to be on the highest quality tissue category.

Emerging economies continue to step up the pace and respond to market demands for innovative and sustainable products across a range of sectors in the market.

CAUTION:

All aggregates taken from the survey should be treated with some caution. While all care has been taken to publish comprehensive data, it is inevitable that projects will be missing or details incomplete. Many projects have also been delayed so start-up data used in the 2013 Project Survey has had to be repeated. We welcome your help to ensure as comprehensive a survey as possible in 2015.

Project Survey

COUNTRY	COMPANY MILL	INVESTMENT	PM NO	NEW / REBUILD	START-UP DATE	CAPACITY CHANGE (tonnes/yr)
Italy	Cartiera della Basilica	Lugliano		New	2015	29,000
Japan	Confidential	NA	1	New	2014	25,000
Japan	Confidential	NA	1	New	2014	25,000
Japan	Daio Paper	NA	3	New	2015	36,000
Japan	Nittoku Vietnam	NA	1	New	2015	25,000
Japan	Shin-Ei Paper	NA	1	New	2015	25,000
Japan	Shin-Ei Paper	NA	2	New	2015	25,000
Japan	Taiyo Sigyo	NA	2	New	2015	22,000
Mexico	CMPC	NA		New	2014	30,000
Mexico	Confidential	NA	3	Rebuild	NA	NA
Mexico	Grigiskes	Vilnius	6	New	2015	35
Mexico	SCA Mexico	NA	3	Rebuild	2014	30,000.
Peru	Confidential	NA	1	Rebuild	2015	5,000
Poland	Fabryka Papieru i Tektury Beskidy	NA	1	New	2015	18,250
Poland	GZP	NA	1	Rebuild	2015	19,500
Poland	Hanke Tissue	NA	4	Rebuild	2014	60,000
Poland	ICT Poland	Kostrzyn		New	2015	70,000
Poland	Lewandowski	NA	1	New	2015	20,000
Poland	Papelera Reyes	NA	3	Rebuild	2013	13,320
Portugal	Confidential	Confidential	1	New	2015	35,000
Romania	SC Petrocart	Piatra Neamt	1	New	2014	25,000
Russia	Hayat Kimya	Alabuga, Tartarstan	4	New	2014	70,000
Russia	Pulp Invest	Kazan	NA	New	2015	25,000
Russia	SCA	Sovietsk	2	New	2014	215,000
Russia	Syassky Pulp and Paper Mill	Syassky	3	New	2016	40,000
Russia	Syktyvkar Tissue Group	Semibratovo	3	New	2014	30,000
Russia	Wolma/Paper Recycling	NA	1	New	2015	21,300
South Africa	Confidential	Confidential	2	Rebuild	2015	NA
Saudi Arabia	Saudi Paper	NA	1	Rebuild	2014	100tpd
Saudi Arabia	Syassky Pulp and Paper Mill	Syassky	3	New	2016	40,000
South Korea	Confidential	NA	5	New	2015	35,000.
Spain	Confidential	NA	5	New	2015	35,000
Spain	Ecofibras Aranguren	Aranguren	5	Major Rebuild	2014	7,000
Spain	L.C. Paper	Besalù (Girona)	2	Rebuild	2014	37,000
Taiwan	ChengLoong	NA	16	New	2015	45,000
Thailand	Confidential	NA	NA	Rebuild	NA	NA
Thailand	Wangpaper Co	Wangpaper	3	New	2015	50tpd
Turkey	Aktül Kagit	Pamukova	NA	New	2016	70,000
Turkey	Essel	NA	2	New	2015	130tpd
Turkey	Hayat Kimya	NA	NA	New	2016	70,000
Turkey	Hayat Kimya	Mersin	5	New	2014	70,000
Turkey	Ipek Kagit	Manisa	NA	New	2015	70,000
Turkey	Parteks Paper	Kayseri	3	New	2014	25,000
Turkey	Tezol		2	Rebuild	2015	85tpd
Ukraine	Tezol	Mersin	NA	New	2015	30,000
USA	Cascades	Confidential	NA	Rebuild	2014	65,000
USA	Doubletree Paper Mills	NA	NA	New	2015	25,000
USA	First Quality Tissue	Anderson	NA	New	2015	70,000
USA	First Quality Tissue	NA	5	New	2014	70,000
USA	Orchids Paper	NA	5	New	2015	91tpd
USA	St. Croix Tissue Inc.	NA	NA	New	2015	NA
USA	St. Croix Tissue Inc.	NA	NA	New	2015	NA
USA	Von Drehle	Natchez	NA	New	2015	30,000.

2014/15

PM TRIM (m)	PM SPEED (m/min)	SUPPLIER	COMMENTS
2.8	1500	Toscotec	MODULO PLUS
2.2	600	Kawanoe Zoki	BF12 - Heavy weight towel
2.2	600	Kawanoe Zoki	BF12 - Heavy weight towel
3.6	2000	Kawanoe Zoki	DCT135 HS 15ft SYD
3.2	800	Kawanoe Zoki	BF12 12ft SYD
2.8	1800	Andritz	PrimeLineCOMPACT V (Steel Yankee)
2.8	1800	Andritz	PrimeLineCOMPACT V (Steel Yankee)
1.9	300	Kawanoe Zoki	BF12 - Heavy weight towel
3.6	2000	Valmet	Advantage DCT 200
3.6	NA	Voith	1x NipcoFlex T shoe press
2.7	1800	Toscotec	AHEAD-1.5S
3.6	NA	Voith	1x NipcoFlex T shoe press
2.9	NA	Voith	1x NipcoFlex T shoe press
2.8	1100	Hergen	New Crescent Former Smart Fit
2.8	1200	Hergen	New Crescent Former, felt section, double press section and reel section
2.8	1500	Recard	Rebuild of plain wire machine into Crescent former
NA	NA	Valmet	Advantage DCT 200HS
2.8	1200	Hergen	New Crescent Former Smart Plus, new suction press roll and new ribbed Yankee dryer
2.8	1000	Hergen	PM upgrade into Crescent Former
2.8	1900	Toscotec	AHEAD-2.0S
2.8	1350	Toscotec	Modulo-Plus
5.6	2000	Valmet	Advantage DCT 200TS
2.8	1600	Andritz	PrimeLine COMPACT II (Steel Yankee)
5.4	1800	A Celli	NA
4.2	1300	Toscotec	AHEAD-1.5M
2.8	2000	Valmet	Advantage DCT 100HS
3.1	1500	Hergen	New Crescent Former EVO
2.8	NA	Voith	1x Voith Headbox MasterJet Pro T & Crescent Former
2.7	1700	Recard	Rebuilt of twin wire into crescent former
4.2	1300	Toscotec	AHEAD-1.5M
2.9	2200	Voith	New Voith VTM2 with NipcoFlex T shoe press & Steel Yankee
2.9	2200	Voith	VTM2 with NipcoFlex T shoe press & Steel Yankee
2.7	1500	Toscotec	Rebuild in Crescent Former with AHEAD-1.5S
2.7	1700	Toscotec	Ahead dry end
3.7	2000	Voith	New Voith VTM3 with NipcoFlex T shoe press, Steel Yankee & Steam Hood
2.8	NA	Voith	1x Voith Cast Iron Yankee with 12ft diameter
2.5	1150	PMP	Intelli-Tissue® 1200 machine
5.6	2200	Valmet	Advantage DCT 200TS
3.05	1800	Recard	New plant
5.6	2200	Valmet	Advantage DCT 200TS
5.6	2200	Valmet	Advantage DCT 200TS
5.6	2200	Valmet	Advantage DCT 200TS
2.8	1500	Toscotec	MODULO PLUS
2.9	1600	Recard	Rebuilt into Crescent Former
2.6	1800	Valmet	Advantage DCT 100+
4.6	1100	Toscotec	Major rebuild
2.8	1600	Andritz	PrimeLineCOMPACT VI (Steel Yankee)
5.6	2000	Valmet	Advantage Thru-Air
5.6	2200	Voith	ATMOS VTM4
2.6	1650	Recard	New plant
5.6	2000	Andritz	PrimeLineTM W8 (Steel Yankee)
5.6	2000	Andritz	PrimeLineTM W8 (Steel Yankee)
5.5	2000	Valmet	Advantage NTT



Projects in
this year's
survey



Chinese
projects in
this year's
survey



Projects in
last year's
survey



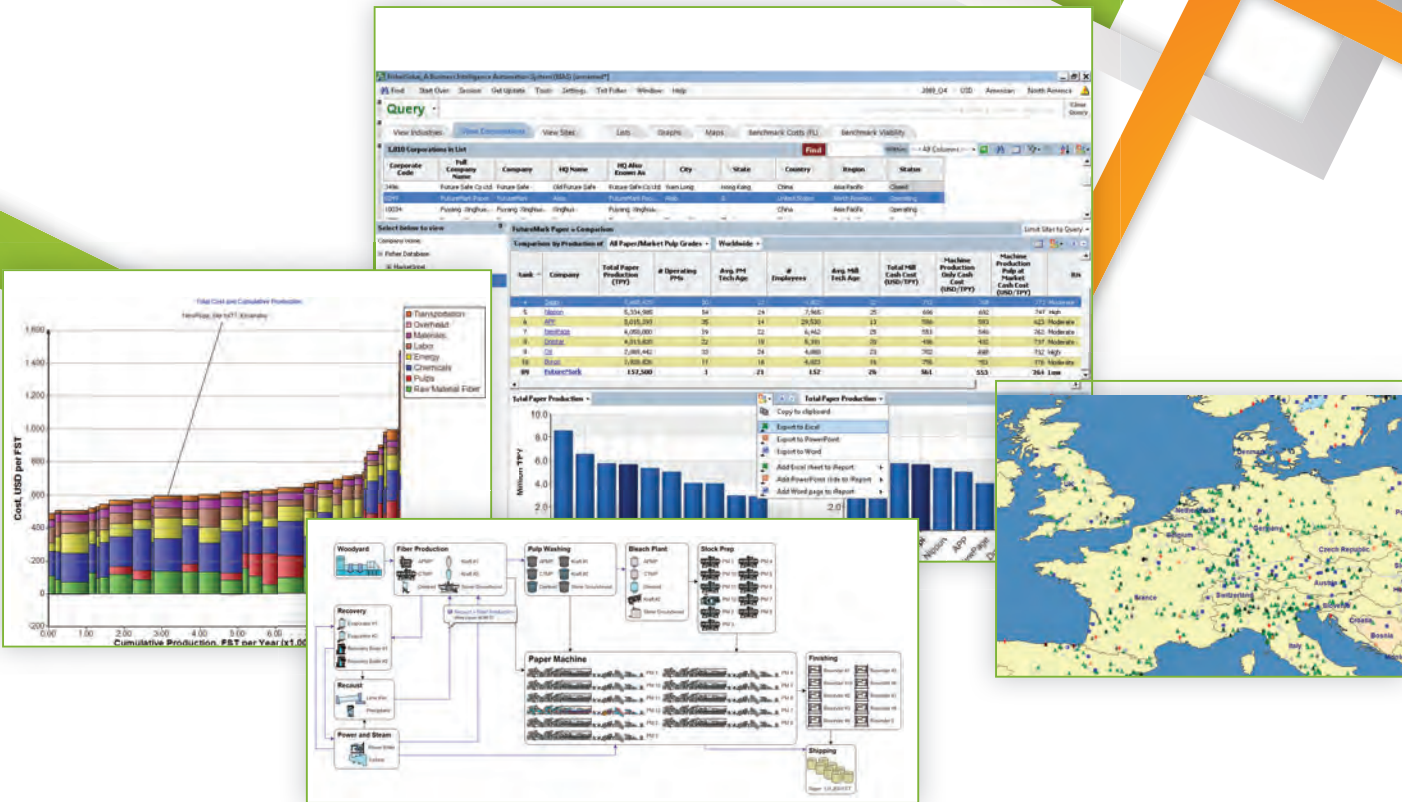
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"Friends laugh at my mini obsession"

Originally from Manchester, Simon Bird now lives in Bristol in the south-west of England. He works in business research for one of the world's top outsourcing companies that acts as a dedicated resource to one of the world's largest law firms. When he's not playing badminton or taking full advantage of the city's excellent eateries, he has "a small-minded obsession with one unknown brand of toilet roll".



Style to which I'm accustomed: Old 'school type' green hand paper towels at the office need to be replaced with the very nice white ones that were soft enough to use as a handkerchief.

The only tissue product I take any real notice of is toilet roll – you use it at least once every day. We always had Andrex when I was a child in the north of England and this is probably more to do with the mint shade of green to match the 80s bathroom than anything else.

When it came to buying my own loo roll it became apparent that there was very much a false economy in force ... cheap tissue has less sheets on the roll, is not as soft, falls apart easily and you need much more of it. Additionally, I would not dare use the 'one-fold' option on bargain paper.

As a result of this I always used to buy whatever was on offer of the well-known brands or the shop's own luxury toilet roll. But times have changed... for the better, I hasten to add. I got fed of up with there being no offers when I needed to make a purchase and loads of offers when I didn't. Nicky 3 ply toilet roll and Home Bargains (also known as Quality Save in some parts) came to the rescue. It is always available at the bargain price of £2 for nine rolls and £4 for 18.

Having moved to Bristol, I actually now incorporate visits to Home Bargains on trips for the sole purpose of stocking up on an 18 pack.

Friends laugh at my mini obsession, but on a recent trip to New Brighton on The Wirral (where there's a large Home Bargains; I've not found one in Bristol) nearly every trolley had a Nicky-based occupant. Nicky 3 ply has aloe-vera incorporated, a lovely quilted effect and it's also strong. So at half the price of the store's own luxury, it really is a winner.

I do buy and use the occasional pack of floor/bathroom wipes – just for convenience. Whatever is on offer is fine for this. Same rule goes for kitchen roll.

A current annoyance at work is the use of the old 'school type' green hand paper towels rather than the very nice white ones I had become accustomed to that were soft enough to use as a handkerchief. Here's hoping they put their hands in their pockets and do the right thing on the next order.

I've made many online purchases but never of toilet roll, so I've just typed "Nicky toilet roll" into the search engine just to see what was available. This "top bum fodder" has great reviews and happily (especially for me) it's available most cheaply at Home Bargains.

New technology start-ups, Chinese overcapacity, softness and bulk innovations... TWM interviews the world's leading tissue machinery manufacturers to bring you the latest knowledge

TW/1

How are the start-ups of new technologies such as NTT and ATMOS changing the marketplace?

Günter Offenbacher, Andritz Pulp Drying & Paper's director of sales for tissue and drying: "A small portion of the premium products will move to these new technologies. Nevertheless, the benchmark for premium tissue is and will continue to be the classic TAD product in the main market areas. We do not expect a major impact on the market for conventional tissue machines. So far some machines with this new technology have started up during the last few years with mixed results. It should take about 10 - 15 years for such technologies to become mature technology and to find a fixed segment in the market - probably with a share similar to that of TAD in the long run. Andritz is watching these developments carefully."

Shinji Goda, Kawano Zoki's general manager, engineering department: "Customers are always seeking for those high-value-added and differentiated from others products. NTT has already started up in a different market area and it has the potential power to be well accepted in this market of Japan once it is regarded as high-value-added and worthy of a higher price."

Paolo Raffaelli, Toscotec's technical director: "Bulk and softness are most likely nowadays some of the most challenging quality targets which tissue customers are understandably seeking for. Combining paper quality with reduced production energy demand is also a main goal in any new project and business plan, but even placing aside the initial investment, it must be inevitably associated with the evaluation of overall machinery efficiency and runnability, and the need for reduced operation and maintenance costs."

"Conventional tissue technology, with recent implementations to achieve high quality final products, efficiency and reduced production energy consumption, is still offering a proven and up to date solution, with high potential for targeting bulky and soft grades."

"We expect NTT technology to have a market impact primarily on non-conventional technologies, such as TAD systems, even if we are aware of the capability of these systems to operate in a conventional mode."

Maja Mejsner, PMP Group's director business development and marketing: "The tissue industry's shape corresponds directly with the consumers' preferences and market's maturity. Emerging markets rather look for repeatable tissue quality and attractive production costs. Mature markets are forced to apply solutions that might surprise consumers (as the competition is taught). In the global scale, a golden mean is still Crescent Former technology, which offers flexibility and



Clockwise from top left: Günter Offenbacher, Ingmar Andersson, Paolo Raffaelli, Shinji Goda, William Rodrigues dos Santos, Rogerio Berardi, Maja Mejsner

balance between tissue quality and production costs. We believe the technologies mentioned above are still marginal (counting the number of installed TMs)."

Ingmar Andersson, Valmet Tissue Mills Business Unit's sales manager: "New alternate tissue making technologies are raising great interest, and feasibility studies are going on in many markets. It is interesting to note that the reduction in fibre weight for specific products are so significant and different from ordinary tissue. Therefore many tissue makers have to access the market acceptance carefully before

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decisions for such new technologies are taken. Except for the US market, most markets are not familiar with products with exceptional bulk properties. However, over time many products will be substituted with products using new technologies and environmental assessments will show increased appreciation of lower fibre consumption and associated energy reductions as well."

Rogério Berardi, Voith's global vice president, tissue product management: "New technologies are very important for every industry and the tissue industry is no different. New recently launched technologies are changing the market by allowing our customers to produce products of higher quality at lower production costs than in the past. "As a result, markets like South America and China are rapidly moving upwards in terms of product quality. "Besides that, markets with a high degree of high quality products like the USA and Canada become more and more competitive in the segment of premium and ultra-premium tissue papers as the new technologies are opening this market niche to a wider range of tissue producers."

William Rodrigues dos Santos, Hergen general manager: "We haven't worked with this technology so far; in South America and Brazil, the number of installations with this sort of technology isn't enough to say they have caused any changes on the marketplace. We believe this is due to the fact most of the tissue produced with this kind of machine is exported and you won't find it on the supermarket shelves. However, we are seeing a change in customer behaviour that aims more and more to high quality product, which in the future may lead towards these technologies."

TW/2 What new technical trends in terms of quality, softness, etc, are you seeing in the tissue market?

Andritz's Offenbacher: "Every tissue producer wants to get the product softer and more bulky. The challenge is with the machine supplier to offer flexible concepts to fulfil these targets, but also the converting equipment has a lot to contribute to the final product quality - with the differentiation in each market area. "Our perception today is still that "Energy beats Quality". One important tool to serve both of these targets is the shoe press with its great flexibility. "New technologies (as per question one) will also contribute to the trend of softness, however they seem to be over-engineered and not as feasible in terms of investment and production cost to be applicable for the conventional product segment, especially when operated in the "conventional mode". Optimisations of conventional machines to save energy and to increase the quality with conventional solutions are still the more feasible way for this segment. "Beside the machine concept and the converting equipment, also the selection of the fibre, e.g. max. short fibre content, enzymes, CF (cellulose filaments) and other additions could become more and more important."

Kawanoe Zoki's Goda: "To have more creping variations is, we believe, necessary to achieve higher quality of tissue paper, toilet paper and towel. We have already put "CBC doctors" into the tissue market. We would propose to the customers to improve equipment and operation technology by making use of the CBC doctors."

Toscotec's Marco Dalle Piagge, sales manager Asia & Pacific: "We operate with different affiliates and have operations in China (Toscotec Paper Machine (Shanghai)) and North America (Toscotec NA) so we can see different perspectives. In China and Asia, conventional products dominate. Natural gas as an energy source is a question mark so steam is the big potential as a means of drying. We have developed very smart solutions in drying technology (larger diameter, wider SYD and hybrid hoods) with our associate Milltech. Europe continues to be driven by technological solutions: more sophisticated products are coming and technological rebuilds of old machines are a trend. Eastern Europe is also attractive. Drying optimisation and advanced pressing technology are interesting as they have energy savings. This factor is less intensive in the North America market where the cost of energy is not so problematic (shale gases are giving new support) and this is the reason why TAD technology is still very active. Africa is also a market that will slowly come and where the waste paper usage as raw material could be interesting. Raw material usage and diversification is another issue worldwide and, combined with energy, is the major production cost. Our R&D has to be focused also on this."

PMP Group's Mejsner: "Definitely softness and quality are the key driving factors for tissue makers. There are two ways to reach the goal. On the one hand, the development of alternative fibres like bagasse or Kudzu vines to get closer to cellulose. On the other hand, to increase the softness through application of advanced technologies such as Crescent Former TMs with multi-layer hydraulic headboxes (up to 4-layers) and single nip press with large dia SPR (over 1500 mm) for premium tissue. For mature markets and ultrapremium tissue quality, applying shoe press or TAD technologies might be interesting."

Valmet's Andersson: "Product innovations are driving mature markets where emerging markets still are content with more classic products. This will change over time as customers are paying more attention to higher quality and other attributes."

Voith's Berardi: "All suppliers of the tissue industry like capital equipment, fabric and chemical suppliers, focus on developing new technologies which enhance the product characteristics like softness as those characteristics are the key parameters of the consumers buying decision. "Especially in developed markets those parameters are very important. An example is the US market with a share of over 25% in premium and ultra-premium tissue products. This is much more than in all other markets worldwide. Regarding toilet and towel paper grades, softness, bulk, and absorbency are by far the most important quality parameters in the decision making process of the consumer."

Hergen's Rodrigues dos Santos: "The new technical trends we can see in the market are: the use of chemicals to reduce refining specific energy; Steel Yankee Dryer, Shoe Press and Yankee hoods which are more efficient in terms of energy, looking to reduce gas consumption and electrical energy; process optimisation in order to reduce water consumption."

TW/3 Are you seeing any slowdown in terms of tissue in China? Do you expect that to continue and is that region still a key growth/target area for you?

Andritz's Offenbacher: "The slowdown is obviously due to the huge overcapacity caused during the last few years."

Nevertheless the market will continue to grow, even if it is at a lower growth rate - tissue producer will invest again after the current dip. "During the last years Andritz has established a strong manufacturing and assembly facility in China with the capability to serve not only the local market but the worldwide market on a high quality level. Recently Steel Yankee manufacturing has also been built up in China as part of the Andritz Steel Yankee business centre in Foshan, Guangzhou province, offering a complete field service with metalising and grinding capabilities. Manufacturing of Steel Yankees will begin by the end of 2014."

Kawanoe Zoki's Goda: "We also feel slowdown in China now, which must be in a downward stage of the economic cycle. But, for us, China remains one of our most important markets, big in size and surely developing."

Toscotec's Dalle Piagge: "China has just begun for us. We are the last ones to arrived but in a very short time we have achieved incredible results: more than 40 tissue machines! No-one has this achievement in their portfolio. Therefore for us, it's impossible to speak of "slowing down". In any case it is quite clear that the actual growth in the country will not continue as we have seen in the last few years. However, there is some data that has to be considered when we speak about this market. In China, there are around 1,470 tissue producers in the region (including the converters). Among them 461 are just producing jumbo rolls. So considering these factors and the environmental situation due to the big impact of many ancient plants in terms of emissions and pollution, as well as the state laws that will force some small mills to close, there will be a change in the market. "We will see some aggregation from small producers that will be integrated in more organised groups and we will also see more rebuilds in order to upgrade some old machines. We have to be ready for this change, which has already been occurring already in some countries such as Europe and North America where we have been operating like this for a long time."

"Another factor that will occur (as it has already started) is the entrance into the tissue market of big paper producers (Lee & Man, Sun Paper, etc) that are looking to opportunities in this segment of our industry. In a market that show a production of 61% toipa, 3,3% kito, 23% facial, 7,7% hankies, some changes will also occur in the type of the products being produced and we expect that more capacity will also come in the AfH segment and could also come in the private label segment, that is practically not existing. So the slowdown into production will be compensated by all these changes and it has to provide a new balance in a relatively young market, if compared with the mature ones."

PMP Group's Mejsner: "Yes, we are observing a slowdown in China in the tissue sector, however it is more likened to a decreasing of the dynamism we have seen in such a short period. In general, we expect a stable step-by-step increase, so possibly more single width TM projects' in the pipeline. The trend will be fuelled by the government regulations to replace out-dated machinery with state-of-the-art technologies. Just this year we have completed two projects of that type in China - launching our Intelli-Tissue® 1200 EcoEc lines (60tpd), which in each case have replaced up to 10 low-capacity machines bringing soft tissue, production flexibility as well as ultra-low media consumption. Just recently, we have signed two additional projects for Intelli-Tissue® 1200 EcoEc in China."

Valmet's Andersson: "China has seen a slowdown and hesitations to invest in new capacity in the last year due to

increased completion as well as public announcements of new capacity planned. Reality shows a delay in many projects as well as termination of projects indefinitely and shut down of old capacity. Market prospects for China now show signs of decisions for increased capacity again, however, not as extreme as before. China will continue to be a major market for new investments and some of the production will find its ways into other countries."

Voith's Berardi: "A slowdown in China is today already a reality. After several years of tremendous growth, the amount of new projects and start-ups decreased in the last two years. However, there are still interesting projects in China. China is and will continue to be an important tissue market. If we have a look at other countries in the region Asia we can see an increase of projects for example in Japan, South Korea, Indonesia and Taiwan."

Hergen's Rodrigues dos Santos: "The Chinese market is going through a change which reflects in process optimisation and replacement of the existing tissue machines which feature poor design and quite high pollution figures by new machine more efficient and more ecofriendly."

"Additionally, during some discussion with a top player in the Asian (mainly Chinese) market, we were informed that the targets for that region are quite impressive because the plain is to double the specific consumption of tissue grades within a 10 years period, which means a very aggressive growth in the years to come."

"Regarding China as a target area, of course it is, however we are still trying to understand the market in order to increase our changes as a machinery supplier."

TW/4

What developments have you made in terms of energy?

Andritz's Offenbacher: "Lowest energy consumption as well as lowest possible energy cost has been a crucial request for several years. It is driven on the one hand by the environmental requirements and on the other hand by operational costs, where the importance of low energy cost is a lot different in the market areas. Andritz has contributed to the energy theme with system solutions as well as with specific equipment design, such as the ShortFlow™ concept for stock preparation and approach flow, double-dilution system within the approach system, Steel Yankee, Yankee head insulation, shoe press. Solutions to minimise the resource costs in dedicated market places resulted in the revival of the steam hood and specific mill wide energy solutions, such as the co-generation systems."

"Regulations in terms of energy consumption are getting more and more strict, e.g. the Energy Efficiency Directive of the European Commission shall be applicable by the end of 2015. The Andritz answer to fulfill that requirement is RMS - Resource Management Systems, a mill wide system to monitor and optimize the energy flow and cost."

Kawanoe Zoki's Goda: "Our customers are trying to select equipment that is good for saving energy so they can overcome higher material and fuel costs. We are working hard to develop such equipment which should contribute to minimise the running costs of the customers."

Toscotec's Raffaelli: "Process optimisation, energy recovery,

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efficiency and installation of state of the art equipment, such as TT SAF system in approach flow circuit, new generation Steel Yankee Dryers and Yankee Hoods and air systems, have been our main focus during the last two years.

"Our R&D department has mainly focused in these areas, where, by the combination of Toscotec and Milltech technology, we achieved the expected overall energy consumption figures below 2000 kWh/t.

"Drying by the application of large diameter Steel Yankees and presses, in combination with steam or gas heated hood systems plus multiple stage heat recovery, can represent an attractive engineering solution for brand new installations or machine revamping.

"After process review in existing paper mills we also improved plant efficiency, achieving reduced kWh/t with similar overall absorbed kW."

PMP Group's Mejsner: "This year we have successfully implemented the Intelli-Tissue® 1200 EcoEc line – CF, double-nip press configuration with own designed & made steel Intelli-YD™ & Steam-Heated Intelli-Hood™ reaching both tissue quality and ultra-low media consumption goals (below 2 T steam/T paper).

"Encouraged by the results and understanding how important the optimisation of production costs are, we are opening a new PMP Group entity: PMP Energy - responsible for energy solutions within Hood Drying, Ventilation, Air, S&C and Dust Systems (both for tissue and paper). Widening the product portfolio, based on Intelli-Tissue® platform, is a natural consequence of our development and is beneficial both for our customers (more solutions available) and for PMP (increased competitiveness)."

Valmet's Andersson: "There is an ongoing effort to reduce the energy consumption in all stages of tissue production. The most significant at this time for conventional tissue is the widely utilized Advantage ViscoNip press which reduces the water evaporation radically at the same time as it improves the production rate. Valmet has now sold 30 units to new as well as old machines.

"The most recent and remarkable break-through technology is the market introduction of the Advantage ReTurne, energy recovery system, to be installed inside the save-all tray of the tissue former. Commercial experience now confirms the recovery of electricity exceeding 50% of the energy ejected by the headbox jet to be returned back to the process as electricity. The fan-pump energy consumption on a high speed tissue machine is often the biggest user of electricity in the tissue making process. The installation of the Advantage ReTurne system not only reduces the CO₂ emissions significantly, it also has a very short pay-back time."

Voith's Berardi: "Energy is an important topic for all of our customers globally. Our focus in the development of new technologies and products is to reduce the use of resources like energy – from pulper to reel of the tissue machine. A few examples are IntensaPulper, Pluralis refiner fillings, ComMix for stock mixing in the approach flow system and MasterJet Pro T headbox without recirculation.

"In the production of dry crepe tissue, the NipcoFlex T shoe press is a key component in terms of energy-saving production. Voith is the market leader for this proven shoe press technology. Furthermore the Steel Yankee dryer as well as the ATMOS technology for ultra-premium tissue production

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are technologies with considerable energy savings compared to similar technologies. Looking to the future, Voith is finalising the development of a new technology which will be ready to announce in 2015."

Hergen's Rodrigues dos Santos: "Our company has introduced a new line of Dryer Cylinders and Ribbed Yankee Dryers with double width and diameter up to 24ft, manufactured in welded steel. Yankees with great diameters allow a substantial economy operating in the same speed as the smaller ones. Thus, Hergen's new line of Tissue Machines, models AVANTIS 16, 18 and 24" allow large production capacity with the best energy relationship from the set Hood and Yankee."

TW/5 What other technical areas will be key for you in 2015 and 2016?

Andritz's Offenbacher: "Resource minimisation will remain one of the key subjects within the next years. Resources related to energy use and energy saving as well as resources related to furnish, with all its aspects, remain important. "The ANDRITZ shoe press has been re-launched. Our new solution, the PrimePress XT Evo, with higher performance and runability is the ideal tool for many applications and products. "Our strong focus will not be on new machines only but particularly on rebuilds and optimisation of existing machines. For the latter I would like to point out the Yankee life cycle management - to improve machine efficiency and Yankee performance."

Kawanoe Zoki's Goda: "We can offer a package of all machines and equipments from pulp and paper treatments to converting, including automation which must be essential for saving energy and higher efficiency."

Tosotec's Raffaelli: "Primarily we are focusing on tissue machines, from headbox to reel, specifically on headbox, focusing on higher operating consistencies and reduced recirculation flow, on drying section, next year we will deliver the new generation TT SYD Yankee dryer, 22FT in diameter, with patented head insulation system, on hood systems and heat recovery. Sheet stabilisation combined with dust removal system and soft winding is also being developed to get an operator friendly integrated system; but we also expect that continuous improvements will be always required in quality, efficiency, and runability of machinery."

PMP Group's Mejsner: "For Intelli-Tissue® EcoEc line (capacity up to 60-65 tpd) we are going to focus especially on optimisation of Steam-Heated Intelli-Hood™ to downsize steam consumption even further. "For Intelli-Tissue® Advance line (capacity over 75tpd), we are going to continue the development of multi-layer Intelli-Jet® V Hydraulic Headboxes (basing on our vast experience, we have just hit 130 references for headboxes collected within the last decade for various grades) and energy saving solutions including Steel Yankee technology (Intelli-YD™) – having in mind gaining an added value in field of quality. We are also actively investigating Shoe Press technology for

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tissue applications (based on our experience in the paper field – Intelli-Nip® Shoe Press)."

Valmet's Andersson: "The main themes guiding our development of tissue making are energy, fibre and water reduction and in addition sheet quality and reliability. We also pay great attention to our internal processes in order to improve safety and reduce environmental impact in all our activities producing the equipment. I think some people would be surprised to see what is possible to achieve when using Best Available Technologies in every part when producing a state of the art tissue line."

Voith's Berardi: "Voith has always invested a lot in R&D in order to provide value adding products and technologies for the tissue industry. For the next years, our strategy will continue to be the development of solutions focusing on resource efficient processes and excellent quality of the final product."

Hergen's Rodrigues dos Santos: "We will continue to concentrate our sales efforts in areas in which we already have business and that are still growing and have great development potential as Brazil, South America and Russia, and we will also continue our work to increase our business in the CEI region."



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By former senior paper industry officer **Omar Chabane**

Algeria set to double its tissue capacity

With North Africa awakening from a period of inertia, TWM spotlights Faderco, a company with big ideas whose investment is driving the momentum

A previous article published in TWM in June/July 2009 concluded: "... despite constraints due to a financial crunch and a gloomy international environment, the tissue paper segment in North Africa appears to be prospering in both investment and trade".

The truth of that statement has never been clearer. With substantial new capacities being erected in Algeria, the country will before long – June 2015 – more than double its present capacities in tissue paper.

One of the key players helping the country achieve this growth is Faderco, an Algerian company active in the industrial hygiene field through cotton derived products and hygiene items with absorbent pads.

It was established in 1986 by Fatima Habes, a pharmacist making products and items from cotton derivatives in the suburb of Algiers. After a decade of uncertainties, it pushed ahead and launched a feminine and baby

hygiene output. In 2005, it diversified further to gain more market share and invested in a new complex, while over the course of the last few years it has improved its integration on the upstream side and its production of tissue paper rolls in order to reduce import costs, secure procurement and become a supplier of tissue paper to both local and regional converters.

This bold move in addition to the transfer of its new paper investments from the Algiers region to Sétif, a city located 300kms North-East of Algiers, proved a real opportunity for Faderco. This was for a number of reasons: the Algiers region was unable to meet the requirements for land from industrial investors whereas the Sétif region is very dynamic and active. Its authorities are welcoming and encourage investors to settle down there. In terms of population, the national census of 2008 ranked Sétif at near 1,500,000 inhabitants, second behind Algiers.

The company's investments have seen it grow steadily over the past



seven years. This growth is fuelled by imports both in finished product items ready for sale to the end-user as well as in reels to supply local converting machines whose number is quite consistent (about twenty converters all over the country).

In Algeria, statistics for 2013 show 12,000 tonnes of tissue items were imported for distribution in the domestic market as well as 9,000

Start-up of Faderco's new Valmet-supplied tissue line is planned for June 2015



By former senior paper industry officer **Omar Chabane**



Amor Habes, general manager of Faderco

The machine will be based at the company's Sétif plant, where its designed capacities will put it in the first rank of the entire North Africa region

tonnes in reels for converting purposes. One local tissue producer when fully up and running will add 12,000tpy of capacity to the marketplace. The local market is absorbing around 33,000tpy and crucially it's open to digest much more.

Imported finished tissue items tripled in just seven years, jumping from 4,000 tonnes in 2006 to 12,000 tonnes in 2013. Imported rolls for converting increased from 1,500 tonnes in 2006 to 9,000 in 2013. While per capita consumption is low at nearly one kilo, it is a substantial increase from 0.3 kilo five years ago. The potential is vast and the market is still offering good potential and this is set to increase as more and more people change their habits with the rapid substitution of toilet paper instead of water, which has traditionally been the case, as well as the substantial investments devoted to hotel infrastructure which in turn increase the demand for tissue products.

Tissue machine project site underway

Since 2012, Faderco has run Fabio Perini, OMET, DIATEC, DCM (07) machines dedicated to tissue, baby diapers, feminine and adult hygiene products added to its 15 running machines, and further investment is likely. Operating officer Sid Ahmed Hasbellaoui says the

aim has been to take the lead in the Algerian tissue market with a 70% share in feminine hygiene products while covering 25% in market share for baby diapers. The company is also a pioneer as far as adult diapers and incontinence items are concerned estimating the company market share around 30%.

In October 2013, Faderco struck hard after it ordered a brand new tissue line from Valmet, a turnkey contract for a 30,000tpy Advantage DCT 100+ tissue line. Start-up is planned for June 2015 and once up and running it will produce high-quality facial, toilet and towel grades. A wrapping machine from Fis Impianti has been ordered to wrap the rolls coming off the production line.

The investment means the company will control the converting market where it is a key player but it will also secure its machines supply and enlarge the scope of its influence and competition with another important player - Tonic Industries – that already produces tissue paper.

According to Hasbellaoui, 40% of the whole production will feed the converting lines of Faderco, with some 12,000 tonnes converted in towel rolls, hankies, toilet paper and napkins to be sold to local converters located all over the country. The remainder 60% of output will be directly sold as raw paper.

The Algerian market is now wide open

to brands imported from Asia and the Middle East. However, Faderco has fought hard to maintain its own position and reputation. One of the ways it has done this is by certifying its products with ISO 9001. Water consumption will also near 400m³ per day and the effluents will reach 0,6kgs per tonne of paper produced and will undergo a water treatment and be covered as clean water. The new line will also supply the National Grid and the annual needs are estimated to three million Kwh.

In its commercial strategy export is an asset too, and the company targeted the sub-Saharan region where countries such as Mali, Niger and Nigeria with their large populations represent important export potential. The company exports products to other countries in North-West Africa and sub-Sahara.

Faderco's new tissue machine is undoubtedly the most recent machine to be installed in the country. Its designed capacities will put it in the first rank, not only in Algeria, but in the entire North Africa region, and even slightly overpass the Metso-supplied Advantage DCT 100+ machine started up in Jeesr Industries in neighbouring Morocco at the beginning of 2013.

Both capacities combined will give a big boost of no less than 60,000tpy of extra capacity, never mind the additions soon to come on stream in Tunisia where another machine of lesser capacity is reportedly to be installed.

This momentum is confirming how North Africa as a rule and Algeria in particular are catching up, rising from their ashes after a long period of inertia and "lean cows". The tissue industry will certainly witness other achievements in the future here.

Events Calendar

Event	Date	Location	Website
ISSA/INTERCLEAN Latin America	February 25 - 27, 2015	Mexico City, Mexico	www.issainterclean.com/
Tissue World Barcelona	March 17 - 19, 2015	Barcelona, Spain	www.tissueworld.com/Barcelona
PaperCon 2015	April 19 - 22, 2015	Georgia,USA	www.papercon.org/
ISSA/INTERCLEAN CEE	April 22 - 24, 2015	Warsaw, Poland	www.issainterclean.com/
Asian Paper 2015 Jakarta	April 28 - 30, 2015	Jakarta, Indonesia	www.asianpapershow.com/
CIDPEX 2015	May 25-27, 2015	Chengdu, China	www.cnhpia.org/en/conference.htm
Tissue World São Paulo	May 20 - 22, 2015	São Paulo, Brazil	www.tissueworld.com/Saopaulo
SINCE/ANEX 2015	May 25 - 27, 2015	Shanghai, China	www.anex2015.com/
Miac	October 14-16, 2015	Lucca, Italy	www.miac.info
Tissue World New Orleans	March 14 - 17, 2016	New Orleans, USA	www.tissueworld.com/Neworleans
ISSA/INTERCLEAN Amsterdam	May 10 - 13, 2016	Amsterdam, Netherlands	www.issainterclean.com/
Asian Paper 2016 Bangkok	May 25 - 27, 2016	Bangkok, Thailand	www.asianpapershow.com/
Tissue World Istanbul	September 27-29, 2016	Istanbul, Turkey	www.tissueworld.com/Istanbul



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What is your company's primary field of business (tick all that apply):

A. INTEGRATED TISSUE PRODUCTS MAKER

Primary business making paper and producing:

- ☐ Consumer (At Home) Finished products
☐ Away-from-Home (AFH) Finished products
☐ Other Tissue Grades, please specify:

B. JUMBO ROLL SUPPLIER

- ☐ Jumbo Roll Maker, for sale to converters

E. SUPPLIER TO THE TISSUE INDUSTRY Please check all that apply:

- ☐ Paper making machinery
☐ Fabrics, felts, clothing
☐ Drying technologies
☐ Process automation and control
☐ Water treatment, environmental and effluent control
☐ Dust control and air treatment systems
☐ Doctors and creping blades
- ☐ Deinking
☐ Stock preparation, fiber processing and pulping equipment
☐ Fibers: Market pulp and recycled fiber
☐ Chemicals and chemical technologies
- ☐ Converting machinery and supplies
☐ Printing machinery and supplies
☐ Inks, glues and dyes
☐ Embossing rolls

C. TISSUE CONVERTER

Primary business is converting jumbos and producing:

- ☐ Consumer Finished products
☐ Away from Home (AFH) Finished products
☐ Other Tissue Grades, please specify:

D. RETAILING AND DISTRIBUTION

- ☐ Retailer
☐ Broker
☐ Distributor
- ☐ Knives and blades
☐ Folders/interfolders
☐ Cores and coreboard
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