STORA ENSO
Transforming itself for a sustainable future

CONTAINERBOARD
Recent box shipments strong, but new capacity a worry
Unpack the power of Maxmyze® for packaging.
Let Buckman help you improve sheet strength and increase productivity.

Buckman announces new Maxmyze enzymatic technology for recycled packaging. It can significantly improve sheet strength and drainage, so you can increase machine speeds. With a customized Maxmyze program you can reduce fiber costs, steam consumption, transportation costs and your environmental footprint too. No wonder it’s an EPA Presidential Green Chemistry Challenge Award winner!

Find out more. Contact your Buckman representative or visit buckman.com.

Better drainage
Production on a recycled linerboard machine was limited due to drainage. Buckman’s Maxmyze application improved drainage, so machine speeds could be increased by as much as 100 mpm. Steam use was reduced 8%, and CO₂ emissions were reduced by 1806 metric tons per year.

Reduced energy
A core and tube producer wanted to increase production, have greater flexibility in its fiber selection and reduce energy use. Buckman applied Maximize to the pulper, which conditioned the fiber faster with less refining energy, preserving fiber strength. Speed increased 10%. Refining energy decreased 30%. And tensile strength increased from 20 to 26 kgf/15mm.
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*On the cover.* Stora Enso’s Enocell pulp mill in Uimaharju, Eastern Finland. The mill produces NBSK, BHKP, and dissolving pulp. The mill site is also home to a power plant with an annual power generation capacity of about 600 GWh, of which approx. 400 GWh is used by Stora Enso’s operations at the site.
For the most part I always use this space to talk about a pressing issue affecting the paper industry. But instead, let’s start 2015 off on a lighter note and highlight a few of the more “next big things” made of paper.

For all you wine lovers out there, don’t think red, white or rosé – think green, as in eco-friendly. Healdsburg, California-based wine company Truett-Hurst did just that with their PaperBoy wine. PaperBoy is packaged in a molded paper outer shell made from recycled cardboard in the shape of a traditional wine bottle with a plastic liner inside. Designer Kevin Shaw of the package design firm Stranger & Stranger worked with Truett-Hurst to design the package, and GreenBottle, a UK-based paper bottle manufacturer, brought the paper wine bottle to life.

According to Truett-Hurst, the PaperBoy bottle is 100% recyclable and 80-85% lighter than glass, and beyond the recyclability factor, the light-weight bottles reduce fuel usage during transportation, further reducing its carbon footprint.

And what better place to serve wine in paper bottles than at a bar made of paper. UK-based James Cropper recently provided paper to a British design studio for the construction of a lavish paper bar. The bar was created to stand as a centerpiece in London’s Institute of Contemporary Arts (ICA) during the London Collections fashion event.

Developed and built by Sam Robins of Flow Creation, the free-standing bar was nearly 29 feet in length, made from two different weights of James Cropper’s White Kendal Manilla stock (40% recycled fiber), and came complete with paper glasses, lamps and fine architectural detail. After the show, the bar and accessories were recycled, of course.

The next big paper thing is perfect for any New Year’s resolutioners who vowed to get back into shape but don’t want to spend big bucks on a gym membership or fitness equipment — an elliptical machine made from cardboard. Its creator, Luanga Nuwame, decided to build a cardboard elliptical trainer after getting tired of being bombarded by infomercials selling expensive fitness equipment during the weeks leading up to the holidays. One week and 15 glued sheets of double-corrugated cardboard later, Nuwame finished his machine, dubbed “Cardboard-O-Flex.”

“Pushing the limits of what can be made with cardboard, I present the world’s first 100% cardboard elliptical workout machine”, Nuwame proudly exclaims in a YouTube video. “It can hold my weight and swing back and forth as a workout.” And it does!

Probably the most impressive achievement using recovered cardboard was accomplished by Smurfit Kappa and its engineering and construction of a real paper airplane — not to be confused with the kind you make from a sheet of paper and throw down the aisle from the back of the classroom.

The 30-foot long airplane has a wingspan of about 26 feet and is 6.5 feet tall, weighing a little over 360 pounds. The aircraft was made entirely from paper, cardboard and glue. On its maiden voyage with a “test pilot” (a 130-lb. dummy), the plane reached an altitude of just over 80 feet and traveled a distance of about 1,000 feet. The plane was initially designed by Arnoud Dekker, who has a degree in aeronautical engineering and works in Smurfit Kappa’s Development Center.

There are a lot more examples of human ingenuity coupled with the versatility of paper — most of it just fun stuff — but you never know when one of these inventions might just be the next big thing!
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**NORTH AMERICA**

**Verso Completes $1.4 Billion Acquisition of NewPage**

Verso Corporation on Jan. 7 announced the completion of its acquisition of NewPage Holdings Inc. The deal, valued at approximately $1.4 billion, originally was announced on January 6, 2014. With the completion of the NewPage acquisition, Verso will have approximately $3.5 billion in annual sales and approximately 5,800 employees in eight mills across six states.

“The combination of Verso and NewPage creates a stronger, more stable company with an effective strategy to weather industry headwinds and reduce operating costs, while ensuring our customers continue to benefit from the distinctive quality and service that they have come to expect from us,” said David J. Paterson, Verso’s president and CEO.

“We continue to face increased competition from electronic substitution for print and from international producers, but as a larger, more efficient organization with a sustainable capital structure, we are better positioned to deliver solid results despite the industry’s continuing challenges.”

Verso expects the combination to result in substantial cost synergies over the next 18 months.

“With the complementary asset base and shared strategic focus on coated paper manufacturing, this acquisition represents a relatively low integration risk, so we remain confident that we can deliver the synergies within the expected timeframe,” Paterson said.

**Divestiture of Biron and Rumford Mills**

In a related transaction, immediately prior to Verso’s acquisition of NewPage, NewPage completed the divestiture of its paper mill in Biron, Wisconsin, and its pulp and paper mill in Rumford, Maine, to Catalyst Paper Operations Inc., a subsidiary of Catalyst Paper Corporation. The divestiture, originally announced on October 30, 2014, was undertaken pursuant to a settlement with the United States Department of Justice that enabled the NewPage acquisition to proceed.

Name Change. Promptly after the NewPage acquisition was completed, Verso changed its name from Verso Paper Corp. to Verso Corporation. The name change symbolizes Verso’s intention to broaden its business platform and seek alternative revenue streams to augment its core printing papers, specialty papers and pulp segments.

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**Domtar to Convert a UFS Paper Machine at Ashdown to Fluff Pulp Production**

Domtar’s Board of Directors has approved a $160 million capital project to convert an uncoated freesheet (UFS) paper machine at the Ashdown, Arkansas mill to a high quality fluff pulp line used in absorbent applications such as baby diapers, feminine hygiene and adult incontinence products.

The planned conversion is expected to come online by the third quarter 2016 and will allow for the production of up to 516,000 metric tons of fluff pulp per year once the machine is in full operation.

The project will also result in the permanent reduction of 364,000 short tons of annual UFS production capacity in the second quarter of 2016.

Currently, the Ashdown mill has an annual paper production capacity of 680,000 tons and an annual pulp production capacity of 700,000 tonnes with 3 pulp lines and 3 paper machines.

“The fluff pulp conversion project at the Ashdown mill is an important step in advancing our strategy to generate $300 to 500 million of EBITDA from growth businesses,” said John D. Williams, Domtar’s CEO.

“We are expanding our presence in a growing business that will allow us to support our top-tier supplier position with some of the world’s largest producers of absorbent hygiene products. Once completed, Ashdown, together with our Plymouth mill will provide a platform to further strengthen our leading position as an effective producer of high quality fluff pulp with nearly one million tonnes of total production capacity,” Williams said.

“The conversion of the paper machine in 2016 will further help balance our supply with our customers’ demand. In the interim, the flexibility of the two remaining paper machines at the Ashdown mill allows us to take measured steps to adjust our paper production while selling paper-grade pulp,” Williams added.

The conversion work is expected to begin during the second quarter of 2016 and the fluff pulp line is scheduled to start-up by the third quarter 2016. The cost of conversion will be approximately $160 million of which $40 million is expected to be invested in 2015 and $120 million in 2016. Domtar will also invest in a pulp bale line that will provide flexibility to manufacture paper-grade softwood pulp, contingent on market conditions.
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Dunn Paper Acquires Specialty Mills from Clearwater Paper

Dunn Paper in December acquired the Specialty Mills business from Clearwater Paper. The deal includes the sale of five Clearwater Paper specialty tissue and machine glazed paper mills located at Wiggins, Mississippi; Menominee, Michigan; East Hartford, Connecticut; Gouverneur (Natural Dam), New York; and St. Catharines, Ontario.

“We are very pleased to welcome the exceptional people who lead and work at these specialty mills to the Dunn Paper team,” said Brent Earnshaw, CEO of Dunn Paper.

The five mill locations include nine paper machines with more than 200,000 tons of production capacity across a diverse set of product lines including machine glazed paper, coated paper, specialty napkin, towel and tissue, and wet crepe.

The business will continue supporting its customers as previously, with Specialty Mills leadership, including D’Arcy Schneekenburger and Wade Kemnitz, plus an exceptional group of nearly 500 employees across the Specialty business joining Dunn Paper.

Dunn Paper produces a wide array of specialty waxed, coated, and uncoated machine glazed papers used in various food packaging and specialty label applications.

Menasha Corp. Acquires Canada-based PearceWellwood

Menasha Corp. has acquired PearceWellwood Inc. of Brampton, Ontario. The family-owned business will operate as part of Menasha Packaging Company, LLC, a subsidiary of Menasha Corp. Terms of the deal were not disclosed.

PearceWellwood designs and manufactures corrugated displays for the retail industry and offers fulfillment and distribution services.

In a related transaction, Menasha also acquired an ownership interest in Tencorr Packaging, a corrugated sheet manufacturer with plants in Brampton and Mississauga, Ontario, from PearceWellwood’s parent company, Pearce Group. The Tencorr investment will ensure that the PearceWellwood business will continue to benefit from a reliable, high-quality corrugated supply.

“The acquisition of PearceWellwood provides Menasha Packaging Company a foothold in Canada to better serve new and existing major consumer packaged goods customers located in the region with expertise in display design, manufacturing and fulfillment,” said Jim Kotek, president and CEO of Menasha Corp.

Appleton Coated Acquired by Virtus Holdings LLC

Appleton Coated has been purchased by Virtus Holdings LLC, a new company formed by members of Appleton Coated’s management team.

Virtus Holdings purchased the company from a subsidiary of Sequana SA, which had been the company’s ultimate parent.

The sale was effective December 19, 2014.

The Fox Valley company will continue to operate under the name Appleton Coated LLC, with no substantial business, personnel or operational changes planned for the immediate future.

“We are excited about our plans for the future of the company and are very grateful to our customers, suppliers, and employees who have stood with us through the sales process,” stated Doug Osterberg, CEO of Appleton Coated.

“Our focused strategies in coated freesheet, along with our new business development efforts are proving successful. We remain firmly committed to the coated freesheet segment, but have substantively diversified our product portfolio with over 40 percent of revenue now generated from products outside of the traditional coated freesheet segment,” Osterberg added.

To assist the management team with the acquisition, the Wisconsin Economic Development Corporation (WEDC) is providing Appleton Coated with a $4 million loan for the purchase of equipment.

The company will be required to maintain the existing 570 jobs and create 27 new jobs under the terms of the loan. Up to $1 million of the loan may be forgiven depending on how many jobs are created and retained over the next five years.

Appleton Coated’s corporate headquarters and paper mill are located in Combined Locks, Wisconsin. The mill has an annual production capacity of 400,000 tons on three paper machines, and an adjacent coating and finishing complex with processing capacity of 280,000 tons.
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- Allen Bowdler
General Manager
Pratt Industries - Conyers, GA, U.S.A.
Mohawk Plans for New Envelope Manufacturing Facility in Western Massachusetts

Mohawk has announced plans to operate a new state-of-the-art envelope manufacturing facility in the town of South Hadley, Massachusetts, resulting in the creation of up to 40 new jobs.

The announcement comes after the Massachusetts Office of Business Development Economic Assistance Coordinating Council voted unanimously to approve Mohawk’s application for a special tax assessment for the facility.

Mohawk intends to enter into a seven year lease agreement on the 112,342 square foot facility beginning January 1, 2015.

“Our plan to create a new envelope converting facility in South Hadley, Massachusetts represents our commitment to further growth of Mohawk’s envelope business,” said Thomas D. O’Connor, Jr., Chairman and CEO, Mohawk.

Mohawk will invest up to $2 million to retrofit the South Hadley facility, including upgrades to electrical systems, installation of air and vacuum lines, and the purchase and installation of envelope converting and manufacturing equipment.

The facility is expected to be fully functional by the end of April 2015.

Mohawk expects to produce over 500 million envelopes annually at the new facility. The site will also feature warehouse space to service the company’s customers along the East Coast and Mid-Atlantic regions, as well as overseas businesses.

MWV to Spin-off Its Specialty Chemicals Business

MeadWestvaco’s (MWV) board of directors has approved a plan to fully separate its Specialty Chemicals business from the rest of the company. The separation is expected to be executed by means of a tax-free spinoff of the Specialty Chemicals business to MWV shareholders, resulting in two independent, publicly traded companies.

The spinoff is expected to be completed by the end of 2015. MWV said that it remains open to other value-creating alternatives for the Specialty Chemicals business throughout this process.

“Following a thorough strategic review process, MWV’s board and leadership team determined that a tax-free spinoff of Specialty Chemicals presents the best opportunity to create the greatest value for our shareholders,” said John A. Luke Jr., chairman and CEO of MWV. “The separation of Specialty Chemicals will establish two strong companies that are better positioned to compete and profitably grow in their targeted markets.”

MWV expects to receive cash from the spinoff that will be used primarily to pay down debt to maintain MWV’s investment grade credit rating.
Blue Ridge Paper Products, a subsidiary of Evergreen Packaging, has been awarded a Job Maintenance and Capital Development Fund (JMAC) Grant to be used to convert two of its coal-fired boilers to natural gas at its Haywood County plant (North Carolina).

As a result of the funding, the plant will become more energy efficient and operate cleaner. In addition, remaining funds will be used to retrofit three additional boilers.

The North Carolina Economic Investment Committee (EIC) approved the grant on Dec. 19. The company will receive up to $12 million over ten years to make the conversion. Evergreen Packaging will invest $51 million.

“This JMAC grant is doing exactly that at [the Canton mill]. When the work is completed, Blue Ridge Paper Products will be operating more efficiently, and will have kept a significant number of high-paying, high quality jobs” said Gov. Pat McCrory.

Blue Ridge Paper Products is the largest private employer in Haywood County. The U.S. Environmental Protection Agency informed the company it has until 2019 to comply with federal boiler maximum achievable control technology (MACT) or be required to shut down.

The JMAC Fund is a discretionary incentive program that provides sustained annual grants to businesses that meet the requirements of a major employer or a large manufacturing employer. The JMAC Fund is intended to encourage retention of significant numbers of high-paying, high quality jobs and large-scale capital investment that will modernize processes and provide more globally competitive projects.

Blue Ridge Paper Products qualifies as a large manufacturing employer. Under the statute, a business must invest at least $50 million in capital improvements designed to convert its manufacturing process to change the product it manufactures or designed to enhance pollution controls or transition the manufacturing process from using coal to using natural gas for the purpose of becoming more energy efficient and reducing emissions.

In addition, the business must either be in a Tier 1 county with at least 320 full-time employees, or be in a Tier 2 county with a population of less than 60,000 as of July 1, 2013 and employ at least 800 full-time employees.
EUROPE

Stora Enso to Sell Uetersen Paper Mill to Private Equity Group

Stora Enso has signed an agreement to divest its Uetersen specialty and coated fine paper mill in Germany to a company mainly owned by the private equity fund Perusa Partners Fund 2. The cash consideration for the divestment of the shares is approximately EUR 7 million subject to customary closing day adjustments.

The transaction is in line with Stora Enso’s strategic transformation to a customer-focused renewable materials company. The sale is expected to be completed in the first quarter of 2015.

Based on 2013 annual figures, the divestment is expected to reduce Stora Enso’s annual sales by EUR 155 million. It will also reduce Stora Enso’s annual paper production capacity by around 240,000 tonnes.

Stora Enso will continue to produce specialty papers at its Imatra Mill and coated fine paper at Oulu Mill in Finland.

Stora Enso’s previous attempt to divest the mill to Brigl & Bergmeister, an Austrian specialty paper producer, was unsuccessful due to the German Federal Cartel Office’s indicated intentions to prohibit the proposed transaction.

Fripa Papierfabrik Starts Up New Tissue Production Line in Germany

Fripa Papierfabrik in mid-November started up a new Voith-supplied tissue paper production line at Fripa’s Miltenberg paper mill in Germany.

The new tissue machine, PM 7, is designed for a paper width of 2,700 mm and produces toilet paper and paper towels from 100% virgin pulp at a working speed of 2,100 m/min.

According to Voith, PM 7 is equipped with a NipcoFlex T shoe press, which reduces the need for thermal energy by up to 20% due to the high dry content after the press. At the same time it is ideally suited for production of soft paper and thus meets the high quality requirements of Fripa.

Voith delivered the entire process line to Fripa — from stock preparation and the approach flow system, the tissue machine, auxiliary equipment, including system accessories such as automation, electrification and engineering.

In addition, extensive services and replacement parts were also included in the delivery.

RUSSIA

Syktyvkar Tissue Starts Up New Valmet-supplied Tissue Machine

A Valmet-supplied tissue line recently started up at Syktyvkar Tissue Group’s new site in Semibratovo, Yaroslavl region, Russia. The new Advantage DCT 100HS machine adds 30,000 tons of tissue per year to the company’s current production of bathroom tissue, napkin and towel grades.

The tissue machine has a width of 2.7 meters and a design speed of 2,000 m/min.

Valmet’s delivery included a complete tissue production line along with basic and detailed engineering, process equipment, as well as the supervision of the installation and training of the new tissue line.

Metso delivered an automation package with a process control system.

Syktyvkar Tissue Group employs 385 people and produces approximately 45,000 tonnes of tissue per year.

INDUSTRY SUPPLIERS

Kemira Inaugurates Chemical Production Plant in Nanjing, China

Kemira recently celebrated the completion of the company’s new Nanjing production base in the Nanjing Chemical Park, Jiangsu Province of China. Over 200 distinguished guests attended the event. The new plant will provide a wide range of functional and process chemicals for water-intensive industries such as the paper industry. The estimated annual capacity is 100,000 tons.

The new plant is equipped with cutting-edge facilities offering the highest quality, featuring a high degree of automation and use of sophisticated IT-systems in the production process and is focused on the Asian market, China in particular. Production will be mainly serving the paper industry, while at the same time providing products and services to the oil & mining industry and municipal water treatment.

Currently there are five production lines serving across an array of chemical products for pulp and paper manufacturing. The production capacity for sizing agent (ASA), which mainly used for improving water-resistance in middle to high end paper, will be the largest in Asia.

Besides ASA products, the new plant also produces polyacrylic ester, polyacrylamide emulsion, defoamers, and deinking agents, all of which are widely applied in key paper manufacturing processes.
UPM has started commercial production at its wood-based renewable diesel biorefinery in Lappeenranta, Finland. The biorefinery is based on a hydrotreatment process developed by UPM, and produces approximately 120 million liters of renewable UPM BioVerno diesel per year.

“Lappeenranta Biorefinery is the first significant investment in a new and innovative production facility in Finland during the ongoing transformation of the forest industry. It is also a focal part in the implementation of our company’s Biofore transformation strategy,” said Heikki Vappula, Executive Vice President, UPM Biorefining.

Petri Kukkonen, Head of UPM Biofuels business, added, “The start-up phase of the biorefinery began in early autumn, and it has included customary new process and production related challenges. The biorefinery is first of its kind in the world. We are now happy to move forward from start-up phase and be able to concentrate on regular production process.”

UPM BioVerno diesel is produced out of crude tall oil, a residue of pulp production, in the Lappeenranta Biorefinery. A big portion of the raw material comes from UPM’s pulp mills in Finland.

UPM BioVerno diesel is produced out of crude tall oil, a residue of pulp production, in the Lappeenranta Biorefinery. A big portion of the raw material comes from UPM’s pulp mills in Finland.

UPM noted that its BioVerno diesel reduces greenhouse gas emissions by as much as 80 percent compared to traditional diesel. Based on research, BioVerno works with all diesel motors just as well as any regular diesel. The company has a sales agreement with NEOT (North European Oil Trade), a wholesale organization of oil and biofuel products.

UPM pointed out that the EUR175 million biorefinery was built without any public investment grants.

Construction of the Lappeenranta Biorefinery started in the summer of 2012 and the foundation stone was laid in November of the same year. The plant will directly employ nearly 50 people and indirectly about 150 people.
**PAPER**

- **Catalyst Paper** has appointed Greg Maule as Senior Vice-President, US Operations and Linda McClinchy as Vice-President, US Supply Chain. Most recently, Maule was Vice-President, Manufacturing Operations at NewPage Corporation. He holds a Master of Science, Pulp and Paper Engineering from the Institute of Paper Science and Technology. McClinchy most recently held the position of Vice-President, Customer Service at NewPage Corporation. She holds a Master of Business Administration from Lake Superior State University.

- **Northern Pulp** has promoted Bruce Chapman to the position of General Manager of Northern Pulp Nova Scotia Corporation. Chapman fills the position formerly held by Don Breen, who retired in February of 2014. Chapman joined Northern Pulp’s operations as a process engineer in August 1996 and has held the positions of assistant engineer, fiber line team leader, utilities team leader, operations manager and, recently, acting general manager.

- **Sappi Europe** has named Thomas Kratochwill as the new Sales and Marketing Director for Specialty Papers. He succeeds Rosemarie Asquino, who is retiring after 38 years with the company. Asquino will be available until the end of July 2015 as an advisor on strategic issues. Kratochwill joined Sappi in 1995 in the Finance department, following his studies at KPMG.

- **Södra** announced that Laila Rogestedt has been appointed Head of Innovation and New Business, effective March 1, 2015. At that time she will also become a member of Group Senior Management. Rogestedt succeeds Karin Emilsson who, as previously announced, will be leaving Södra.

**SUPPLIERS**

- **Barry-Wehmiller** said that William Kuhn has been promoted to Vice President of Finance. He succeeds Jim Lawson, who served as Vice President and CFO since 1997, and is retiring. Kuhn, a CPA, brings more than 14 years of experience at Barry-Wehmiller to this role, most recently as Director of Financial Reporting.

- **Kemira** announced that Petri Helsky, President of Paper segment and Asia Pacific region will leave the company to take up the position of CEO of Metsä Tissue. Helsky will continue in his current position and as a member of Kemira’s Management Board until the end of June 2015.

- **Thiele Kaolin Company’s** Board of Directors recently announced that Paul Kirschling will retire as the company’s President effective Feb. 1, 2015. Eric Tillirson, Senior Vice President and Director of Sales Development for the company, has been named as Kirschling’s successor. Tillirson joined Thiele in 1999 as Marketing Manager and was promoted to Director of Marketing in 2002. In 2004, he was appointed Vice President of Sales, Marketing and Technical Service. Tillirson earned his Bachelor of Science degree in Chemistry from Presbyterian College and Master of Business Administration from Georgia College & State University. Thiele also announced that Mike Markillie was appointed Vice President of Sales, Marketing, & Technical Services, effective Jan. 1. Markillie has been with Thiele since 2005.

- **Valmet** has appointed Bertel Karlstedt as President of Pulp and Energy business line, effective Feb. 1. He succeeds Jyrki Holmala who left the company at the end of November. Karlstedt joins Valmet from Nordkalk Corporation, where he served as President and CEO. Karlstedt holds a Master of Science degree in Thermodynamics.
A crushed roll of paper can cost manufacturers and their customers countless hours, dollars, and headaches. But by simply inserting core plugs into each roll, paper makers can reduce damage and loss claims for just pennies per roll. As a family-owned New England company that has been producing core plugs for over 50 years, Souhegan guarantees a high-quality, steady inventory of the products you need, whenever you need them.

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Tough little cookies.
Until recently, discussions about the state of the containerboard market would often center on worries about a surge in new board capacity in North America. New tonnage from several conversions plus new capacity being added over a two-year period has cast doubt about the direction of the market this year. The concern obviously is that oversupply would tip the balance in the market away from producers over to buyers.

But at least for a while the discussion took a turn in direction following a surge in box shipments in late 2014 that brought a bit of excitement and hope to the sector. An uptick in box shipments began in September as shipments surged 6.6% vs. the prior year and were up 1.5% on an average week basis. Thru the first nine months of the year shipments are up 0.4%. Total containerboard production jumped 4.7% and was up 0.7% for the year while containerboard inventories fell by 54,000 tons vs. the prior month.

The September surge was followed by consecutive gains in October and November. November shipments were down on an actual basis but up 3.6% on an average week basis bringing year to date shipments up 0.4% on an average week basis. Inventories fell and ended November at 3.6 weeks of supply.

In late 2014 box shipments improved for three consecutive months during a typically slow period following several months of sluggish demand. While it may only be a short term blip if demand has improved it would be welcome news. New capacity continues to be a nagging worry that could pull down prices if producers don’t manage supply but the overall outlook remains positive.

By Harold M. Cody

An uptick in box shipments began in September as shipments surged 6.6% vs. the prior year and were up 1.5% on an average week basis.
"Linerboard exports remain a key pressure release value for U.S. mills as producers are able to divert tonnage from domestic markets in order to sustain a balanced market in North America."

part because recycled board prices have fallen relative to virgin grades. As a result, the major integrated mills, i.e. Kraft mills, were under increasing pressure to lower prices to avoid losing market share. Kraft liner prices in the east are reported in the $600/ton range. Lower energy and fiber costs are a key factor behind the decline.

**New Capacity**
The other factor, as noted, is a major surge underway in containerboard capacity. This is a particularly noteworthy since the predominant trend for years has been the shutdown of capacity. More than 925,000 tons of new capacity entered the North American containerboard market in 2013 via new capacity and conversions from grades such as newsprint. Another 750,000 tons of capacity or more was expected to hit the market in 2014 and an additional 360,000 tons of new capacity will come online during 2015.

A range of projects large and small that total over two million tpy have or will startup over the 2013 to 2015 period. This is a gain of over 5% and it is probably somewhat understated owing to swing capacity for paper. Major projects include the conversion of two newsprint machines to containerboard (SP Fiber and Atlantic Packaging), a new recycled linerboard mill by Norampac in New York and SP Fiber’s ongoing conversion to linerboard in Newburg, OR. Pratt Industries is building a new 350,000 tpy recycled containerboard mill in Valparaiso, IN and PCA planned to startup its 350,000 tpy conversion at the DeRidder mill in late 2014.

And finally, IP said it would restart a liner machine at its Valliant, OK mill late this year adding about 360,000 tpy of containerboard although the net will be less as IP stated it will reduce capacity at other mills to offset about half of the new capacity.

**Strong Export Market**
In contrast to concerns about supply, other factors continue to support a solid market outlook including continued strength in the export market. Linerboard exports remain a key pressure release value for U.S. mills as producers are able to divert tonnage from domestic markets in order to sustain a balanced market in North America. The strength in exports continued despite a recent uptick in the value of the U.S. dollar which rose to a two-year high last fall against the Euro.

Liner production for export in November jumped nearly 10% resulting in a gain of almost 9% year to date. Export prices have been a bit mixed but posted gains in Europe during the third quarter of last year. The price increase helped offset the drop in dollar return on sales to U.S. mills that had fallen due to the surge in the dollar.

The export market is fragmented, however. Kraft liner exports to Central America remains solid, up over 3% through July, including a surge of 10% to Mexico. Exports to Asia remain good while shipments to Europe were up 5.3%. However, new capacity coming on stream in Mexico could slow tonnage going over the border and shipments to South America were weak.

**Cautious Optimism**
The bottom line is that the 2015 outlook appears promising, but the range of possible outcomes seems to be wider than normal. If box demand has in fact shifted gears to a somewhat higher level following several years of flat growth following the recession it would certainly support the case for 2015 being a notable year. But at the same time the question of the impact of new capacity lingers and whether it might lead to a slip in prices. This is a particular concern during the early part of 2015 when prices often slip historically. Falling costs are also likely to continue to favor recycled grades, which may also maintain pricing pressures.

However, if exports remain solid and the U.S. economy keeps humming, the containerboard industry’s track record of managing supply has been such that I wouldn’t want to bet against them. Producers have shown the ability to sustain market balance either via selective downtime or capacity curtailments. It’s shaping up to be a very interesting year no matter what.

Harold Cody is a contributing writer for PaperAge. He can be reached by email at: HCody@paperage.com.
Although there were far too many topics to list here, the year-end paper and forest products industry conferences hit on five themes that caught my attention: continued overcapacity, skepticism over the rush into biofuel, the impact of digital technology may possibly be slowing, more planning and less reaction, and Russia.

**Overcapacity in Europe**

The talk was of capacity cuts in Europe by UPM, Stora Enso, SCA and Spain’s ENCE. UPM, for one, plans to close four machines in Finland, two in France, and one in the UK, cutting 805,000 tpy of newsprint, SC paper, and coated mechanical, with the loss of 550 jobs. UPM’s closures will take place at the end of March. It will also shift major supply chain and order fulfillment operations to Augsburg and Dorpen in Germany. The process is called ‘profit improvement targets’ but the underlying truth is that there remains serious overcapacity in Europe in publication paper grades.

ENCE’s hardwood pulp mill at Huelva will also cease production.

**Biofuel**

Very little criticism was expressed publicly about the rush by the industry into biofuels. I blow hot and cold on this issue, but listened to German and Swedish papermakers who voiced their concern in private. They agree there is a place in the industry for biofuel as mills have been using the stuff for years for CHP (Combined Heat and Power) and other generative purposes. However, a German executive said, “We are papermakers not energy companies. I don’t sit in conference with Arab and Russian oil companies, we don’t have tankers or fuel storage depots. If we can’t make money from paper-making how can we make money from energy? . . . especially now that the price of that commodity is falling through the floor!”

I’m reaching a point where I am being convinced by both supporters and opponents of the biofuel trend and right now have no idea which direction to follow.

**Digital Impact**

At one of the conferences was a speaker from the UK’s Royal Mail. It had conducted research how print mail and email work together. The results were surprising:

- Email is seen as quick and informal but mail grabs attention and is informative
- Mail drives people to connect with business online
- Sales campaigns by mail deliver more results and gain market share than email
- 86% of mail receivers connect with business
- 54% engage in social media
- 78% said they get too many emails
The EU, spearheaded by the European paper and print chain, also started a campaign in July last year called ‘Keep Me Posted EU.’ It is a campaign promoting people’s right to choose how they receive important information such as tax forms, election documents, bills and statements, etc. Paper? Digital? Both? The campaign, by the way, was inspired by the UK campaign, ‘Keep Me Posted UK.’

The EU points out that it is not an anti-digital campaign but a pro-choice campaign. At the root of the movement is the fact that in 2013, 21% of European households lack internet access.

I admit that I respond instantly to email, but in answering a letter, especially from family or business, I take a little more time to prepare a reply — on paper.

**Prepare, Don’t React**

Years ago, Pete Correll, former chairman, president and CEO of Georgia-Pacific (1993-2005, held the position of chairman thru June 2006), told me that “…no one plans in this industry any more. We get a crisis, we make cuts; the crisis eases and then we ramp up production again. This is not the way to make money in this business. When your product leaves the mill gate you need to know who’s going to buy it. And after that who will be the next wave of customers?”

Interestingly, a speaker in Brussels took 40 minutes to echo what Correll said 21 years ago in just 30 seconds.

**Russia, not China!**

To my surprise it was Russia, not China, as the country on the minds of many conference-goers. As you may know, Russia’s economy is heavily dependent on oil and gas exports, and has taken a major hit since oil prices collapsed more than 60 percent since last June. In addition, geopolitical tensions in Ukraine and sanctions imposed by Western countries have added to its problems. Although Russia’s economic challenges were not discussed in any of the conference forums, it was certainly a topic away from the podiums.

How long this economic downturn in Russia will continue is anyone’s guess, and the big question for our purposes is: How will it affect the country’s pulp and paper producers and will it deter foreign investment in the industry? ■

David Price is a contributing writer for PaperAge. He can be reached by email at: DPrice1439@aol.com.
As the popularity of digital media continues to grow and demand for a number of grades of commercial printing paper lessens as a result, paper manufacturers worldwide have to ask themselves ‘Where do we go from here?’

Stora Enso, for one, came to grips with this difficult quandary and decided not to simply make adjustments to its production capacity of paper grades it deemed ‘in decline’, and instead focused on what it considers to be markets of the future — some of which are relatively new to the company, but may hold great potential.

A QUICK LOOK BACK
Stora Enso traces its roots back to the Swedish copper mining company Stora Kopparberg (“great copper mountain”) in Falun, Sweden. According to information on a number of websites, some historians claim Stora Kopparberg to be the oldest existing corporation or limited liability company in the world. The company was granted a charter from King Magnus IV of Sweden in 1347, although the first share in the company (granting the Bishop of Västerås 12.5% ownership of the copper mine) date back to 1288.

In 1862, Stora Kopparbergs Bergslags AB was incorporated as a ‘modern shareholder’ company. Towards the end of the 19th century, Stora Kopparbergs diversified from copper mining and got into pulp and paper manufacturing. In 1984, it shortened its name to Stora AB, and in 1992 the copper mine closed down. In 1998, Stora merged with Enso to form Stora Enso.

The other half of the merger involved the company formerly known as Enso-Gutzeit, whose origins date back to 1872 when Norwegian industrialist Hans Gutzeit built and opened a sawmill on the island of Kotka, off the southern coastline of Finland at the estuary of the Kymi River. Around the turn of the century, a sulfate pulp mill was built at the Kotka site (known as Aktiebolaget W. Gutzeit & Co.) which used the waste-wood from the sawmill. However, the most significant event came about with Gutzeit’s acquisition of the Finnish groundwood pulp manufacturer Enso (“Enso” is derived from the Finnish word ensi, meaning “first”). The deal not only expanded the company’s pulp capacity, but also led to papermaking. In 1927, the company was officially renamed Enso-Gutzeit.

SWEDISH-FINNISH MERGER
In late-November 1998, the European Commission authorized the merger between Sweden’s Enso and Finland’s Stora. At

Stora Enso is in the midst of transforming itself from a European producer of pulp and paper into is a value-creating renewable materials company.

By John O’Brien, Managing Editor
iRoll provides data that moves your runnability forward

iRoll is an online measurement system for board, paper and tissue machines. In iRoll, sensors are installed on the roll body to detect load profiles. The load profiles can be a direct result of paper tension, paper caliper, size press rod loading, nip pressures, or number of other variables. iRoll is much more than just a monitoring system, it controls product quality to tight tolerances.

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that time the EC said, “The merger will create the number one paper and board manufacturing company in the world.”

Shortly after the merger, Stora Enso made its first big move. In February of 2000, it announced plans to buy U.S.-based (Wisconsin) Consolidated Papers for 4.9 billion euros, or $4.8 billion, in stock, cash and debt. At that time Consolidated Papers was one of North America’s largest producers of coated papers. The combined company would arguably be the largest producer of paper and board by capacity world-wide at some 15 million metric tonnes per year. (Note: International Paper at that time also had a global capacity around the 15 million tpy mark).

Stora Enso North America (SENA), as the acquired company was called, however, faced the pressures of a recession that took hold shortly after the deal was finalized, along with the secular decline in demand for coated papers. In 2007, Stora Enso decided to strengthen its focus on Europe and announced that it would sell its U.S. coated papermaking operations to NewPage.

NEW CEO and FOCUS
The year 2007 also marked the departure of CEO Jukka Härmälä and the arrival of Jouko Karvinen, the company’s new CEO. With Karvinen came a different approach to the way Stora Enso operated and, as importantly, a re-evaluation of the products the company produced with an eye on future products more so than market share. Karvinen took a proactive approach, always insisting that the company not wait for better times to come, but to build its own better times. Tough decisions were made including divestments, mill and machine closures, restructuring programs and a de-layering of the organization.

Towards the end of 2011, Karvinen announced the creation of a group of 12 “Pathfinders” who would be tasked to “challenge the status quo” at Stora Enso. The 12 Pathfinders were selected from over 150 applicants through a process open to all Stora Enso employees.

“We have promised at Stora Enso to rethink, challenge and renew everything we do. We see a momentum in the Group accelerating change, which is never over. And this is where I believe the Pathfinders — a very diverse group of colleagues from all regions with different amounts and types of professional experience — can make a real difference,” Karvinen said. “I have asked them to be direct, constructive and brave, and to challenge everybody, including myself, the Group Executive Team and each other.”

Selected as one of the Pathfinders, Fredrik Lundeborg, said, “Stora Enso is facing big challenges as the world and consumption trends are changing. Our objective is to focus on some of these challenges and find ways to turn them into exciting business opportunities.”
Today, Stora Enso is in the midst of transforming itself from a European pulp and paper company into a “value-creating renewable materials company focusing on growth markets.” The company consists of five divisions: Consumer Board, Packaging Solutions, Biomaterials, Wood Products, and Paper, and has some 29,000 employees in more than 35 countries worldwide.

**Consumer Board** is a global provider of high-quality boards for printing and packaging applications. The boards are used by brand owners for liquid packaging, food service and food packaging, pharmaceuticals, cigarette, chocolate, cosmetics and luxury packaging. The division operates five mills located in Finland, Sweden and Spain. It is also expanding in growth markets such as China, India and Pakistan.

**Packaging Solutions** works with converters, brand owners and retail customers. The division operates in every stage of the value chain, from pulp production, material and packaging production to recycling. Its containerboard mills are located in Finland and Poland, with converting plants in ten countries in Europe and Asia.

**Biomaterials** offers a variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene products producers. The division is focused on finding new, innovative ways to maximize the value extractable from wood, as well as other kind of lignocellulosic biomasses. Biomaterials includes three Nordic stand-alone pulp mills and two Latin American joint-venture operations.

**Wood Products** provides wood-based solutions for living and housing. Its product range covers all areas of urban construction. The further-processed products include massive wood elements and housing modules, wood components and pellets, including a variety of sawn timber goods. Wood Products has more than 20 production units in Europe.

**Paper** offers Woodfree Coated (WFC) and mechanical grades, Newsprint and specialty grades, and Supercalendered (SC) papers. The division’s mills are located mainly in Europe, but also in Brazil and China. Three of the 16 mills produce paper based on 100%-recycled fiber.

**WORLDWIDE OPERATIONS**

**Europe.** Most of Stora Enso’s sales, production capacity and personnel are in Europe, where the group is a leading producer of pulp, paper and board. Eastern and Central Europe are important areas for the manufacturing of corrugated packaging and wood products. Stora Enso has faced structural issues in Europe due to overcapacity in paper production. As a result, the company is investing selectively in its mills with long-term potential in order to secure a competitive cost structure and renewable materials.

**Brazil.** In an equal joint venture, Stora Enso and the Brazilian company Fibria own Veracel Celulose, a 1.1 million tpy eucalyptus pulp mill. The company has 211,000 hectares of land, of which 90,000 hectares is planted with eucalyptus. In addition, Stora Enso owns Arapoti paper mill jointly with the Chilean company Arauco. The mill has the capacity to produce 185,000 tpy of lightweight coated paper. In the state of Rio Grande do Sul, Stora Enso owns 43,000 hectares of land, about half of which is planted with eucalyptus.
Uruguay. Stora Enso’s and Arauco’s joint operation, Montes del Plata Pulp Mill at Punta Pereira in Uruguay, started up in June 2014. The pulp mill has an annual production capacity of 1.3 million tonnes of bleached chemical eucalyptus pulp. Stora Enso’s share of Montes del Plata pulp is 650,000 tpy, which is sold as market pulp.

Asia. Stora Enso is building a consumer board machine at Beihai city in Guangxi, southern China, scheduled to be operational in the beginning of 2016. After the board mill is completed, the Group will construct a pulp mill at the same site. When ready, the mill site will include a 450,000 tpy paperboard machine and pulp capacity of 700,000 tpy, including necessary energy plant and auxiliary facilities. The board and pulp mills will be self-sufficiently integrated with wood supply from 90,000 hectares of self-managed plantations.

Stora Enso’s other operations in China include a 245,000 tpy coated fine paper mill in Suzhou, a 170,000 tpy uncoated magazine paper mill at Dawang, two core factories and majority shareholding in Inpac International, a packaging company with production operations in China and India, and service operations in Korea. Stora Enso also has trial plantations in Laos.

In addition, Stora Enso and Packages Ltd. of Pakistan in May 2013 completed the process of establishing a joint venture called Bulleh Shah Packaging (Private) Limited. Stora Enso’s initial shareholding is 35%. The joint venture includes the packaging operations of the Kasur mill and Karachi plant.

GROWTH ENGINES

In April of 2014, Jouko Karvinen announced his desire to leave his position as CEO after heading Stora Enso for seven years, and in August 2014, Karl-Henrik Sundström took the helm and has continued to steer the course of what has been defined as “growth engines of the Group” which include Consumer Board, Packaging Solutions and Biomaterials.

Cost and capacity adjustments have also continued. Some of the more prominent moves in 2014 include: the shutdown of PM 1 at Veitsiluoto Mill (Finland) removing 190,000 tpy coated paper; an investment of EUR 110 million to convert a fine paper machine at Varkaus Mill (Finland) to produce containerboard; the divestment of the Uetersen specialty and coated fine paper mill (Germany); and the sale of its Corenso business operations to Powerflute.

On the biomaterials forefront, in June 2014 Stora Enso acquired 100% of the shares of US-based Virdia, a leading developer of extraction and separation technologies for conversion of cellulosic biomass into highly refined sugars and lignin. Then, in September, Stora Enso announced that it will invest $43 million (EUR 32 million) in a demonstration and market development plant to be built in Raceland, Louisiana. The plant will be used to test the commercial viability of Virdia’s technology to convert cellulosic biomass into highly refined sugars.

Stora Enso’s transformation will be ongoing and challenging. However, the company has had the backbone and determination to step back and look at itself and its surroundings, evaluate what it does and what it could do, and ask: ‘what will consumers want in the future and how can we produce those products?’ If it has found the answer to this question, then it may very well be on the way to building better times for itself.

Karl-Henrik Sundström took the helm of Stora Enso in August of 2014 and has continued to steer the course of what has been termed “growth engines of the Group” which include Consumer Board, Packaging Solutions and Biomaterials.
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The Paper2015 Convention Daily will be published in three separate editions (March 15, March 16, and March 17) and distributed to all attendees of the convention. The Paper2015 Convention Daily is published by O'Brien Publications, Inc.
When it comes to producing paper, one of the most critical areas of optimization is the sheet strength, which is achieved through the appropriate selection of fibers, refining level, and dry and wet strength aids. A variety of strength chemistries are available in the market, including natural polymers (starch, CMC) and synthetic resins (PAM, GPAM, PAE).

Natural polymers have been dominant in the market due to their availability and a relatively low price. However, synthetic strength resins have been gaining the market share due to their unique benefits, ease of use and versatility.

The choice of a strength aid depends on a number of factors, including their effectiveness (or impact on a specific quality parameter), the program cost, the effect on machine runnability and productivity, ease of use, product availability and shelf life.

Kemira offers multifunctional dry strength additives such as FennoBond 3000 (GPAM) and FennoBond 85E (anionic PAM), the effective permanent wet strength product line, FennoStrength (PAE), and the unique temporary wet strength product line, FennoRez (GPAM).

- Dry strength aids, based on starch or polyacrylamide, are most commonly used in both board and tissue production.
- Permanent wet strength aids, based on polyaminoamide-epichlorohydrin (PAE) resin, are limited to moisture resistant grades such as liquid packaging, napkin and paper towel.
- Temporary wet strength, based on glyoxalated polyacrylamide (GPAM), is a niche application for producing sanitary products intended for disposal into a septic system.

Beyond reinforcing the sheet, some strength aids can play an important role in balancing charge on fines and fibers, providing benefits for improving efficiency of other process and functional additives and improving sheet dewatering.

**DRY STRENGTH**

Dry strength additives are critical components for manufacturing of board and tissue. They provide not only the required strength quality to paper products but can also improve machine productivity and process efficiency. Kemira’s FennoBond product line series includes the entire array of water soluble, cationic, anionic and nonionic charged formulations designed to impart dry strength properties while improving sheet drainage and fines and filler retention to all grades in the tissue towel market.
Key features and benefits:
- improved sheet characteristics such as strength and bulk
- reduced basis weight
- fiber substitution
- energy savings
- increased machine speed
- productivity gains
- reduced consumption of other chemicals such as starch, wet strength resins, and defoamers

WET STRENGTH
Kemira also offers effective permanent wet strength product line, FennoStrength (PAE), and the unique temporary wet strength product line, FennoRez (GPAM).

Fennostrength product line series are water soluble, highly charged cationic, alkaline cure thermosetting polyamide resins that impart wet tensile properties for towel, napkin, facial and specialty grades. Benefits also include improved sheet quality and machine production rate, less linting and fiber substitution.

Fennorez product line series are specially formulated water soluble cationic polyacrylamide based resins that impart both temporary wet strength and dry strength sheet properties.

CASE STUDIES
Tissue & Towel Production
A tissue and towel producer was challenged in several ways to achieve acceptable levels of profitability for its tissue production. The tissue grades at this mill were being produced at above budget fiber costs due to higher than target basis weight and higher than target softwood content. Adding to this problem was the fact that the primary tissue grade was stuck at 9.6-9.8 lbs basis weight versus a target of 9.2 lbs due to strength and bulk issues. The machine at this mill was also experiencing snapoffs at the reel during roll changes due to marginal strength.

It is required that the tissue grades produced at this mill exhibit no wet strength properties, even temporary.

Solution: For this application, Kemira recommended Fennobond 711 for its ability to enhance dry tensile strength properties while contributing no wet strength properties to the sheet.

Results: A dosage of 3.0 – 5.0 lbs/ton of solids (1.5 – 2.5 kg/mton solids) of Fennobond 711 applied to the thick stock...
delivered value added performance for this tissue producer. The enhanced dry tensile strength achieved from Fennobond 711 was converted to tangible profit improvement benefits for this mill.

Fennobond 711 strength enhancement allowed the mill to save on fiber costs through reduction in basis weight to the 9.2 grade target. Additionally, with Fennobond 711 the mill was able to increase purchased hardwood by 10%, from 60% to 70%.

Fennobond 711 is now used on a commercial basis for tissue production at this mill.

**Brown Recycled Towel Production**

This mill was faced with the challenge of improving machine productivity and reducing chemical cost for high wet strength and regular recycled brown towel production. To achieve these results, Kemira and the mill partnered to implement a Fennorez 110 program in brown towel production.

**Solution:** For this application, Kemira recommended the use of Fennorez 110 and Fennostrength 4063.

Kemira’s Fennorez 110 dosage level was stabilized at 2.8-3.2 lbs/ton (1.4-1.6 kg/mton) solids basis.

**Results:** Kemira’s Fennorez 110 delivered both dry tensile and wet tensile strength that allowed a 50-60% reduction in PAE wet strength and the elimination of CMC in high wet strength brown towel. This performance resulted in a 41% total chemicals reduction for high wet strength brown towel. In addition, approximately an 8% in savings in fiber costs was realized. The total chemical cost for regular brown towel was reduced by about 15%. Additionally, savings have been noted through reduced drying energy cost.

**Printing and Writing Grades**

The pulp mill operation at an integrated mill site converted from Kraft pulp production to dissolving pulp production, meaning the mill had to purchase Kraft pulp for their coated freesheet paper production. The paper machine operation incurred significant speed/production losses with the purchased baled Kraft pulp versus mill slush pulp.

Additionally, sheet quality on this machine was very sensitive in terms of sheet formation. Many chemistries trialed for increasing machine production failed due to their negative effects on sheet formation.

**Solution:** For this application, Kemira recommended Fennobond 3000, which was being used commercially in another mill operation producing similar grades. 1.0 – 3.0 lbs/ton solids basis (0.5 -1.5 kg/mton) was added to the thick stock at the machine chest stock pump. This application point was a balance between drainage, drying, and machine productivity benefits while maintaining desired sheet formation.

**Results:** Fennobond 3000 delivered 30 fpm of speed for each 1.0 lb/ton solids dosage level. Fennobond 3000 at 1.0-3.0 lbs/ton solids delivered 3-10% machine production gain depending on grade and product dosage level. This was achieved while maintaining sheet formation at acceptable level. Floc intensity increased by 0.05-0.10 units with increasing dosage levels of Fennobond 3000. However, this returned to original floc intensity number by speeding up the machine, increasing table activity, and/or by adding more water to the head box.

**CONCLUSION**

Without a doubt, strength additives play a critical role in the production of paper and board grades. Kemira’s new developments in the strength area bring papermakers a complete solution, allowing them to achieve not only desired quality attributes and reduced environmental impact but also to help improve the efficiency and economics of their processes.

Harold Goldsberry is Marketing Manager, Paper, Americas, Strength Additives Product Line for Kemira. He can be reached at: harold.goldsberry@kemira.com.
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Sixty-four new members of Congress have arrived in Washington, D.C., and we are putting on our most comfortable shoes to walk the halls of Congress and educate newly-elected and returning Senators and Representatives about paper and wood products manufacturing. Our industry is one of the largest manufacturing sectors in the country, representing nearly 900,000 jobs and ranking as a top ten manufacturer in 47 states with product sales of more than $200 billion per year. Consequently, our industry’s perspective on legislation carries sway.

For 2015, we see opportunities to advance our agenda on important economic and environmental policy issues. We believe Congress needs to tackle issues such as regulatory and tax reforms to unleash the power of the U.S. economy. From new greenhouse gas (GHG) regulations to pending air and water regulations, we expect the administration to accelerate its push to finalize several new rules before Obama’s term ends. Many of these new rulemakings could fly in the face of our efforts to become more efficient and improve our global competitive position.

**Work Continues with EPA**

Last fall, the U.S. Environmental Protection Agency’s (EPA) asked for public comments on its proposed Existing Source Performance Standards (ESPS) for power plants, which call for a 30 percent GHG emissions reduction by 2030. AF&PA submitted a lengthy list of concerns, including increased purchased electricity costs to our facilities and setting a bad precedent for how biogenic emissions will be treated in regulations going forward. Biomass was given some lip service in the proposed rule, but in the end, there was no meaningful distinction from fossil fuels.

Fast forward to Nov. 19 when EPA released its draft Framework for Assessing Biogenic CO2 Emissions from Stationary Sources. Although the framework and accompanying memorandum say many good things about biomass — including recognizing black liquor as carbon neutral — we still lack full clarification on how our industry’s use of manufacturing residuals will be regulated. And so, our work continues in 2015 to have EPA fully recognize biomass-based energy as carbon neutral in the upcoming final ESPS for existing power plants and revisions to the Prevention of Significant Deterioration and Title V permitting regulations.

Another major concern we will be taking to Congress and the administration is the EPA’s December 2014 proposed ozone national ambient air quality standards (NAAQS). This proposal calls for tightening the standard to between 65-70 parts per billion (ppb) from the current standard of 75 ppb. Although the agency also acknowledged retention of the current standard as an option for comment, the fact that the NAAQS have been reopened at all when the science shows the current standard is protective of health and the environment does not bode well. The 2008 standards have not yet been fully implemented. We will ask the agency to focus its attention on completing implementation of the current standards and to not move the goal post mid-game, which will risk stranding capital and disrupting investment planning.

While Congress and the administration are likely to disagree over these and other environmental policies, we expect both will focus on an infrastructure bill to address the nation’s crumbling highways. This may create an opportunity for AF&PA’s long-standing transportation priority of increasing trucking efficiency with a higher weight limit on federal interstates. A Department of Transportation study is expected to be released shortly. We hope it will show higher truck weights pose no additional risk to safety when the trucks are outfitted with a sixth axle, and, in fact, there is less wear and tear on the roads because the weight is better distributed. This would help our industry gain efficiency when transporting our finished products by using fewer trucks to deliver the same amount of goods.

AF&PA isn’t waiting to hear from Congress or the administration to advocate on our industry’s most pressing issues. We’re proud to work on your behalf to advocate for responsible environmental regulations as well as a variety of other public policies that will ensure a strong and sustainable paper and wood products manufacturing sector into the future.

To learn more about AF&PA, please visit: www.afandpa.org.
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