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Members of the printing, publishing and paper producing industries have formed Stop Tariffs on Printers & Publishers (STOPP), a coalition of associations and companies fighting proposed countervailing duties and anti-dumping duties on imports of uncoated groundwood paper from Canada. The group says the tariffs threaten more than 600,000 jobs across the U.S. printing and publishing industry.

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On the cover: Mike Doss and machine tender Curt Middleton, who recently retired, at the wet end of a paper machine at Graphic Packaging’s Macon mill in Georgia.
Blue Sky 2018 – But Not Everywhere

By John O’Brien, Managing Editor
jobrien@paperage.com

On March 1 of 2017, China notified the World Trade Organization (WTO) of its intent to ban imports of 24 kinds of solid wastes by the end of the year and to lower contamination thresholds. The program was known as “National Sword.” Within the ban, mixed paper. The program also called for intensified efforts by Chinese customs officials to focus on the quality of recovered paper (RCP) by checking the level of non-fiber impurities and excessive moisture in imported bales of RCP.

In 2018, China’s customs authority, the General Administration of Customs of the People’s Republic of China, announced, “Blue Sky 2018” – a follow-up to a 2017 program by the same name. The 10-month action (March 1 – Dec. 31) continues China’s efforts to crack down on the smuggling of listed banned solid waste from entering the country by sea or land.

Although the 2018 program is strongly focused on scrap plastics, Chinese customs authorities are reported to have already seized over 500 tons of smuggled waste paper in Qingdao and successfully investigated individuals and companies smuggling more than 7,000 tons of Russian waste paper.

By all means, China is determined to improve its environmental footprint and doesn’t appear to be relaxing its stance to reduce/eliminate waste materials from other countries.

China’s concerted efforts to crackdown on unwanted and intermingled waste entering the country is commendable. It is also having a huge impact on exporters of RCP around the world. Besides the ban on mixed paper, China’s current maximum allowable contamination level for RCP is 0.5% – a level many exporters say is unachievable. In addition, China’s government limited import permits to only its larger paper producers (capacity-wise) during the first quarter of 2018.

According to Ted Powers, Senior Consultant at Fisher International (see China’s Recovered Paper Problem on page 28), “The government initially limited the issuance of permits to import RCP to those companies with pulp and paper making equipment and who also have annual production of 300,000 tonnes or more. That initial threshold meant that only 72 of the more than 325 companies using RCP in China would have been eligible to receive permits. The government has since lowered the production threshold to 50,000 tonnes making nearly all of the paper companies in China eligible for a permit.”

To a large extent, China’s paper producers rely on imported RCP as a source of raw material. As Powers points out, “China is not only dependent on RCP, it is dependent on other peoples’ RCP. More than 40% of China’s RCP comes from other countries. Thus, China’s second problem: How can it clean up the supply of imported RCP without unduly disrupting the availability of this critically important raw material?”

Powers suggests that in the near term, China may have to loosen RCP import requirements a bit to safeguard its mills an adequate supply of recovered fiber, especially containerboard and cartonboard producers. The fact of the matter is, China’s domestic supply of RCP is not nearly enough to meet domestic demand.

“China simply cannot afford to let its containerboard producers run out of raw material and all parties know that. In the longer term, China could reduce its dependency on imported RCP and thus have more leverage to impose tighter guidelines, but until then, its best outcome is ensuring the free flow of RCP.”
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Verso in February announced plans to upgrade the shuttered pulp line and No. 3 paper machine at its Androscoggin Mill in Jay, Maine, enabling this equipment to restart for the manufacture of packaging products.

The paper machine and associated pulping capacity were temporarily idled in January 2017 and shut down in July 2017 as a result of declining demand for the graphic paper products formerly produced on the machine.

Prior to being idled, the No. 3 machine produced coated paper and had a production capacity of 200,000 tons per year.

With an anticipated completion date in the third quarter of this year, the project will help Verso continue to diversify its product mix into growing market segments and is expected to create approximately 120 full-time jobs at the mill and additional jobs throughout the Maine forest products supply chain.

The estimated total capital cost of the project is $17 million, $4 million of which will come from a Maine Technology Asset Fund 2.0 challenge grant administered by the Maine Technology Institute.

“Verso identified this upgrade and restart of the No. 3 paper machine and associated equipment at the Androscoggin Mill as part of our continuing development of a holistic strategy that includes repositioning of certain assets, and we want to thank Governor LePage and the Maine Technology Institute for their support in helping to make it possible,” said B. Christopher DiSantis, Verso’s CEO.

Sofidel Anounces $360 Million Greenfield Tissue Mill in Oklahoma

Sofidel Group in mid-March announced that it will build a $360 million greenfield tissue mill in Inola, Oklahoma. The new production facility will include both the paper mill and converting lines. Inola is located about 30 miles east of Tulsa.

This is Sofidel’s second greenfield investment in the US — its first being the construction of a new tissue mill in Circleville, Ohio, with start-up expected by the end of this year. The Circleville mill will operate two tissue machines with each machine having an annual production capacity of 70,000 metric tons.

Sofidel said the Inola mill will house two tissue machines with a combined production capacity of 120,000 metric tons per year, along with the associated converting lines to make the finished products, i.e. toilet tissue and towels.

“I’m pleased to be able to announce this new greenfield investment, the second in America, following the one in Circleville, Ohio,” said Luigi Lazzareschi, CEO of the Sofidel Group. “The purpose of this new investment is to make a significant contribution to our growth in the United States, one of the most important markets for our Group.

“We’re going to build a state-of-the-art integrated plant in Inola to serve the South-Central and Central-Western United States, a market where we’ve had a presence since 2012,” Lazzareschi added.

Construction work in Inola begins this month and Sofidel expects to complete the mill portion of the project by mid-2020, while the converting production lines and warehouse are scheduled to be up and running by mid-2019.

McKinley Paper Puts Machine Conversion on Hold at Port Angeles Mill

As of the end of February, McKinley Paper Company has indefinitely postponed plans to convert its Port Angeles paper mill in Washington to the production of linerboard. The mill, which McKinley Paper acquired from Nippon Paper Industries in March of 2017 for $20.6 million, previously produced paper used primarily for newsprint and telephone directories. A cogeneration facility was also included in the sale.

McKinley had planned to have one of the mill’s two machines converted for the production of linerboard and ready for start-up by December of this year, but Herb Baez, vice president of McKinley told the Peninsula Daily News, “That’s not going to happen. We are taking it a day at a time.”

Baez was cautious in his comments about future plans for the machine conversion and start-up.

“Right now, we don’t have anything specific,” he said. “I don’t want to raise expectations. Things are happening in the market.”

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March 21–23, 2018, booth K100
Columbia Pulp Receives $20 Million of New Markets Tax Credit Financing

Columbia Pulp I, LLC has received $20 million in critical New Markets Tax Credit financing from CEI Capital Management LLC to help the start-up build a new processing plant.

Columbia Pulp is planning to build a pulp mill on a 449 acre site near the Lyons Ferry Bridge in Columbia County, Washington. The new mill will produce pulp from wheat and alfalfa straw supplied by farmers in the area. The site is located in the heart of one of the densest wheat farming regions in North America. As a byproduct, the processing plant will also produce a lignin-carbohydrate co-product to be sold for use in soil and dust abatement and industrial applications.

According to CEI Capital Management, the New Markets Tax Credits are directed toward the construction of that lignin-carbohydrate co-products processing division.

“We’re developing a next-generation pulp mill with the potential to be a transformative regional and national supplier of sustainable, tree-free pulp and unique co-products for years to come,” said Michele McCarthy, CFO from Columbia Pulp. “But it would not have been possible without the New Markets program filling a gap in our financing.”

Because of the economic conditions in Columbia County, Washington, the company qualified for the federal New Markets program, which was designed by Congress to stimulate private investment and economic growth in low income communities that lack access to capital needed to grow businesses, create jobs, and sustain healthy local economies.

Columbia Pulp broke ground for the $184 million pulp mill project on August 10 of 2017. It is expected to be under construction for 14 months and start-up in the fall of 2018.

The mill is expected to use 230,000 tons of waste straw to annually produce about 140,000 tons of pulp and 95,000 tons of co-product. Columbia plans to sell the pulp to regional paper mills.

When operational, Columbia Pulp will create about 87 new, direct permanent jobs.
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WestRock Agrees to Acquire KapStone Paper and Packaging

WestRock and KapStone Paper and Packaging at the end of January signed a definitive agreement, pursuant to which WestRock will acquire all of the outstanding shares of KapStone for $35.00 per share and will assume approximately $1.36 billion in net debt, for a total enterprise value of approximately $4.9 billion.

KapStone’s preliminary, unaudited adjusted EBITDA for its fourth quarter 2017 was $130 to $135 million.

Founded in 2005 and headquartered in Northbrook, Illinois, KapStone is a leading North American producer and distributor of containerboard, corrugated products and specialty papers, including liner and medium containerboard, kraft papers and saturating kraft. KapStone also owns Victory Packaging, a packaging solutions distribution company with facilities in the United States, Canada and Mexico.

According to WestRock, the transaction creates opportunity for approximately $200 million in cost synergies and performance improvements; strengthens WestRock’s presence on the West Coast; broadens WestRock’s differentiated paper and packaging solutions portfolio with the addition of attractive paper grades and distribution capabilities; and increases mix of virgin fiber based paper in WestRock’s paper portfolio. KapStone’s 3 million tons of paper is made using 78% virgin fiber and 22% recovered fiber. This increases WestRock’s overall mix of virgin fiber from 65% to 67%.

“KapStone is a great fit with WestRock. Their complementary corrugated packaging and distribution operations will enhance WestRock’s ability to serve customers across our system, particularly in the western United States, and the addition of their specialty kraft paper products that we do not make enhances our differentiated portfolio of paper and packaging solutions,” said Steve Voorhees, chief executive officer of WestRock.

The deal is subject to a number of customary closing conditions and is expected to close during the quarter ending September 30, 2018. Upon completion of the transaction, KapStone will be integrated into WestRock’s Corrugated Packaging segment.
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The world’s two largest bleached eucalyptus kraft (BEK) pulp producers, Suzano Papel e Celulose S.A. and Fibria Celulose S.A. on March 15 announced that they reached an agreement to merge after Fibria’s controlling shareholders Votorantim Participações SA and BNDESPar, the investment arm of Brazilian state development bank BNDES accepted Suzano’s offer worth 36 billion reais ($11 billion) in cash and shares at current prices.

“Our dream of creating this company is now becoming a reality,” said Walter Schalka, CEO of Suzano Papel e Celulose. “We plant, harvest, produce and transform pulp, a renewable raw material that is the basis for products that are part of the lives of people all over the world.”

The company resulting from this combination will have 37,000 employees and contractors, with assets positioned strategically in Brazil and around the world. Its 11 industrial units will produce annually 11 million tons of market pulp and 1.4 million tons of paper, with annual exports of around 8 billion reais ($2.41 billion) and investments planned for 2018 of about 6.4 billion reais ($1.93 billion).

Schalka said that all of Fibria and Suzano’s expansion projects would be suspended until the combined company reduces leverage. Banks JPMorgan Chase & Co, BNP Paribas, Mizuho Bank Ltd and Rabobank NA will provide $9.2 billion in financing for Suzano.

The deal is subject to antitrust approval in Brazil, the United States, the European Union and China, Fibria said. An escape clause would allow Suzano to call off the deal for a 750 million reais fee if regulators force the sale of more than 1.1 million tonnes of capacity.

**About Fibria**
Fibria is the world leader in eucalyptus pulp production with an annual capacity of 7.25 million tons.

**About Suzano**
Suzano is the second largest eucalyptus pulp producer and the fifth largest market pulp producer in the world. Suzano also holds a leading position in the Paperboard and Printing & Writing segments in Brazil. The company has the capacity to produce 4.54 million tons of pulp per year with 3.54 million tons as market pulp and 1 million tons integrated into its papermaking operations, i.e. printing & writing paper, paperboard, and tissue.
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Hamburger Rieger Begins Construction of PM 2 in Germany

Hamburger Rieger has started the scheduled construction of its second paper machine at its Spremberg paper mill in Germany.

Hamburger Rieger has earmarked 370 million Euros for the project. The new machine, at a width of 7.80 meters, will have the capacity to produce 500,000 tonnes per year of white and brown corrugated base papers (testliner) based on 100% recycled paper.

Deinking equipment will also be installed as part of the machine project.

“Since the start Paper Machine 1, we have consistently carried out all the necessary preparatory work for further expansion. Paper Machine 2 will allow us to further strengthen our ‘leadership in white’ positioning to more than one million tonnes of white corrugated base paper per year,” said Harald Ganster, Managing Director of Hamburger Containerboard.

The new plant’s commissioning is scheduled for summer 2020. Hamburger Rieger is part of the Hamburger Containerboard Division within the Austrian Prinzhorn Group.

Graphic Packaging to Invest GBP 5 Million in UK Folding Carton Plant

Graphic Packaging is making a GBP 5 million investment (approx. USD 6.9 million) in its Gateshead UK folding carton facility to meet growing demand and create job opportunities for the North East.

An important part of the company’s international growth plans, the expansion of the Gateshead site will increase capacity and efficiency by up to 40 million sheets.

Two new machines will be installed at the site in spring 2018. A 6-colour, double-coater Heidelberg Speedmaster XL 106 printing press will be introduced, which produces a wide range of high-quality packs with optimum efficiency and economy. This is in addition to a Bobst Expertcut 106 Per cutting machine, which maximizes productivity with lower production costs.

Andrew Pybus, GPI Gateshead plant manager North East, said, “GPI’s Gateshead investment will enable the company to meet increased demand from retailers and private labels seeking more sustainable packaging options. We are driving innovation in carton-board to cater for the global environmental trend and our North East development is key to maintaining our success.”
SCA is conducting an environmental impact assessment for the feasibility of adding a new kraftliner machine at its paper mill in Obbola, Sweden. The assessment is looking into increasing the mill’s production capacity from its current 450,000 tons of kraftliner per year to 850,000 tons of kraftliner per year.

“To supply a larger paper machine with fiber, production of pulp based on both fresh fiber and recovered fiber would have to increase. “No decision has been taken,” says Obbola paper mill Acting Plant Manager Per Strand. “We’re seeing a long-term increase in demand for packaging paper, and we’re investigating different development opportunities for the paper mill. Environmental conditions are an important factor in being able to assess various development alternatives, which is why we’re now starting this impact assessment.”

The Obbola paper mill will begin the assessment by inviting in government authorities and nearby residents to present the potential development plans.

Metsä Tissue is installing a new tissue converting line at its Zilina mill in Slovakia. According to company, the project has started and the new converting line for consumer tissue products will be operative by the end of 2018.

The total value of the investment is approximately EUR 10 million.

“The demand for tissue papers grows steadily in all market areas, and with this investment we want to strengthen our capacity and market position especially in the Central Eastern European markets,” said Christoph Zeiler, SVP Consumer Continental.

“At Zilina mill we produce Tento and Mola tissue products for consumers, as well as Katrin tissue products for the away-from-home customers. In addition to this, we also produce tissue products for our customers’ own brands,” Zeiler explained. “Tento has a strong market position in the Czech Republic and in Slovakia, and the new converting line supports our strategic intention to continue growth in high-quality multi-ply tissue products.”

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The Great Price-Increase Pile-on: We Saw It Coming

By Steve Young, President, AICC
The Independent Packaging Association

As of early February, all major producers have announced at least $50 increases in almost all of their grades effective with shipments March 1. International Paper was out first, announcing their $50 increase on containerboard January 26, followed by KapStone, PCA, Cascades, Greif and others. WestRock was the last to join. Some medium producers – Hood and Cascades – went up $60 on medium. Boxboard and carton grades are also in play, with most producers of coated and uncoated recycled board (CRB, URB) and SBS announcing $50 increases effective various dates in February and March.¹

We Saw It Coming

If there’s one thing to say about The Great Price-increase Pile-on, it’s that we saw it coming. Industry analysts have been not-so-subtly hinting for weeks about the prospects of a spring containerboard hike with strong industry fundamentals in play. AICC members agreed with the assessment: In a “check-in” survey sent to AICC members in December², we cited November’s box data from Fibre Box Association (FBA), which reported that shipments had grown 2.0% over the previous year. We asked members how their numbers compared, and 94% said their shipments grew more than the industry report. We also asked members if they agreed with analysts who were saying that the then-current market data could prompt containerboard producers to announce a price increase in the spring of 2018. To this question, 88% said “yes.”

At the time of this writing, no announcements have been made from the major producers for increases in finished box prices. Independent box makers, not having the luxury to delay a pass-through of higher material costs, will thus experience a significant cost-price squeeze in the near term.

Shifting Sands Of Justification

We are surprised by the reasons. Demand aside – numbers in December were flat – it seems with the typical containerboard cost drivers being stable or declining, producers are citing what have been in the past relatively minor cost centers as their primary rationale for the increases. For example, increases in the fall of 2016 and spring of 2017 were largely driven by rising OCC prices. Yet with OCC prices down dramati-
cally – now at $79 below their March 2017 high, according to RISI – containerboard, boxboard and carton grade producers are now saying that it’s freight that is a principal driver. The CEO of a major North American producer cited new trucking regulations and rail inefficiency as major reasons for increasing freight costs. Chemicals and energy were also cited.³

Independents ‘Supportive?’
The industry’s commentariat has an interesting take on how the independent sector is reacting to these increases and the justifications for them. In an assertion attributed only to an unnamed “trader” in its February 2 issue, RISI claimed, “Independent converters have been supportive of the linerboard increase,” adding, “this will last only if they believe they can more than pass through the paper increase.”⁴ We take issue with a statement that claims that any class of manufacturers will be “supportive” of a significant increase in their basic raw material cost – a cost which is the largest portion of the price of the finished product.

At the time of this writing no announcements have been made from the major producers for increases in finished box prices. Independent box makers, not having the luxury to delay a pass-through of higher material costs, will thus experience a significant cost-price squeeze in the near term. The Producer Price Index (PPI) for December 2017 gives a hint of the cost-price squeeze which independents are facing: whereas corrugated sheet prices have increased 12.7% since December 2016, the percent change in finished corrugated box prices has been only 5.9%.⁵

Customers’ Push-back
Analysts’ reports offer a preview of the battle to come with major users such as CPG companies: Colgate-Palmolive, in its investor advisory for its 4Q17 earnings, cited higher packaging material costs as a reason for less than expected results.⁶ RISI, in its February 2 report, says consumer products companies and food processors, already smarting from the previous two increases in 2016 and early 2017, “are not welcoming a corrugated box increase.” Said one AICC member quoted in the industry trade press: “I’m going to have to purchase helmets for my sales team if we have to go out to our customers with another significant increase.”⁸

Medium Premium Questioned
Of the increases announced, the additional $10 premium on corrugating medium is the most difficult to understand, given that medium went up an additional $30 already last summer and has a fiber input – OCC – that has significantly declined in price over the past year. Increases in the price of medium are the most difficult to pass through simply because most contracts with customers are pegged to movements of linerboard only, not corrugating medium. The large price gap between linerboard and medium – currently around $50-60/ton for recycled grades, according to RISI – appears to be the primary motivation for the additional $10, plus the fact that there is a reported tightness of medium in some markets, although AICC has had no reports of this from members.

Effect on Future Demand for Corrugated?
Ultimately the market will determine whether the increases will be implemented fully. Independents are wary of increasingly concentrated pricing power, first for their own ability to profitably serve their customers, and second on the industry’s user-base which is continually looking to reduce its packaging costs and use.

References:
4 Ibid.
5 US Department of Labor, Producer Price Index, December 2017, Commodity codes 0914-05 and 0915-0301.
7 RISI, “All major containerboard producers now out with $50. containerboard hikes for March; no box increases yet,” Feb. 2, 2018.

Steve Young can be reached at: syoung@aiccbox.org or 703.836.2422.

AICC, founded in 1974 for independent corrugated converters, has since evolved to include independent packaging manufacturers in folding carton, rigid box, and other diverse segments of packaging. AICC represents and protects the business interests of its members. To learn more about AICC, please visit: www.aiccbox.org.
Canfor Pulp Products announced that, due to an organizational change, Brett Robinson, President of Canfor Pulp, left the company on March 5. As a result, the president’s responsibilities for Canfor Pulp will be consolidated under Don Kayne, CEO of Canfor Pulp and Canfor Corporation. Robinson was named President of Canfor Pulp in August of 2012, and previously served as Executive Vice President of Pulp Operations.

Case Paper announced that LaTascha Foster recently joined the company in the area of business development. Foster joins Case Paper from Appleton Coated.

Metsä Board has named Olov Winblad von Walter as VP, Husum Board and Pulp Mill, where he will be responsible for managing Metsä Board’s integrated board and pulp mill in Husum, Sweden. Winblad von Walter will start Sept. 20 at the latest. He succeeds Pertti Hietaniemi, who will continue in his present position until Winblad von Walter’s start date. Winblad von Walter will join Metsä Board from Iggescund Paperboard where he serves as Mill Manager.

Resolute Forest Products has appointed Yves Laflamme as Resolute’s new President and Chief Executive Officer, and a member of the Board of Directors. He succeeds Richard Garneau, who has held those positions since Jan. 2011. Laflamme formerly served as senior vice president, Wood Products, Global Procurement and Information Technology for Resolute.

WestRock has named James Armstrong as Vice President – Investor Relations. Armstrong brings more than 12 years of experience in investment analysis on both the sell and buy sides, specializing in the paper and packaging industry. Most recently, he covered the paper, packaging and building materials industry through his own investment research firm.

Albany International has named Olivier Jarrault as President, Chief Executive Officer and a member of the Board, effective March 2. He succeeds Joseph G. Morone, who served as Albany’s President and CEO since January 1, 2006. Jarrault, 56, is a 14-year veteran of Alcoa, where his career culminated in his appointment in 2011 as Executive Vice President and Group of Alcoa Engineered Products and Solutions.

Esko announced that Chris Miller recently accepted the position of Vice President North America. He replaces Mark Quinlan, who retired during the first quarter of 2018. Miller will also hold his current position of Vice President Asia and Pacific for Esko until a replacement is found.

The American Forest & Paper Association (AF&PA) recently announced the election of GEC Packaging Technologies Chief Executive Officer John Rooney as the new AF&PA Board Chair. He replaces Linda Massman, Clearwater Paper’s President and CEO, who will serve as immediate past chair.

WestRock Chairman John A. Luke, Jr. has been named Outstanding Director of the Year by the Financial Times Outstanding Directors Exchange (FT-ODX). Nominated by their peers, FT-ODX Outstanding Directors of the Year are recognized for the key role they have played within their boardrooms, for going above and beyond the call of duty, and for demonstrating judgment and integrity while acting in the interests of shareholders.

Luke has served as non-executive chairman of WestRock since 2015. He is the former chairman and CEO of MeadWestvaco Corp. He also serves on the boards of directors of BNY Mellon, Dominion Energy Midstream Partners, LP and The Timken Company.
APRIL 11-13, 2018
PPC Spring Outlook and Strategies Conference
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Baltimore Marriott Waterfront
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www.paperbox.org/spring

APRIL 15-18, 2018
PaperCon 2018
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Charlotte, North Carolina, USA
papercon.org

APRIL 16-18, 2018
International Biomass Conference & Expo
BBI International
Cobb Galleria Centre
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www.biomassconference.com

APRIL 17-18, 2018
Converters Expo
BNP Media Events
Lambeau Field Atrium
Green Bay, Wisconsin, USA
www.convertersexpo.com

APRIL 23-25, 2018
Specialty Papers Europe 2018
TAPPI and Smithers PIRA
Pullman Cologne
Cologne, Germany
www.specialtypaperconference.com

MAY 6-9, 2018
International Pulp Week
Pulp and Products Council
Hyatt Regency Vancouver
Vancouver, British Columbia, Canada
www.internationalpulpweek.com

MAY 8-9, 2018
Folding Carton Boot Camp
Paperboard Packaging Council (PPC)
PPC World Headquarters
Springfield, Massachusetts, USA
www.paperbox.org

MAY 29-31, 2018
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MAY 10 - JUNE 2, 2018
Pacwest 2018
Western and Pacific Coast PAPTAC Branches
Fairmont Jasper Park Lodge
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JUNE 11 - 14, 2018
Nanotechnology for Renewable Materials
TAPPI
Monona Terrace Community and Convention Center
Madison, Wisconsin, USA
conference.tappinano.org

JUNE 17 - 20, 2018
PPSA Annual Safety & Health Conference
Pulp & Paper Safety Association
The Vinoy Renaissance St. Petersburg Resort & Golf Club
St. Petersburg, Florida, USA
ppsaconference.org

AUGUST 13-15, 2018
RISI Latin American Conference
RISI
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There is No Better Time to Provide Our Industry with Tools to Grow

By Donna Harman, President and CEO, American Forest & Paper Association

We take advantage of every opportunity to advance realistic public policy that supports the pulp, paper, packaging, tissue and wood products industry and its hardworking employees. Right now, opportunities are abundant for common sense federal regulatory reforms in Congress and the administration.

Already this year, AF&PA has sprung into action seeking reforms that will help our economy grow and continue to create American manufacturing jobs. We look forward to building on the message we recently delivered to Capitol Hill.

When it comes to federal air permitting compliance, our businesses face a challenging area of regulation. Members of Congress at their House Energy and Commerce Environment Subcommittee hearing entitled, “New Source Review (NSR) Permitting Challenges for Manufacturing and Infrastructure” listened to our request for serious reform to the NSR program.

At the same time, members of the Pulp and Paperworkers’ Resource Council — the men and women who work tirelessly on company front lines — echoed the need for regulatory reform across Washington during their annual fly-in. More than 70 PPRC members logged 485 Congressional and administration office visits to educate decision makers about a range of issues, and we couldn’t be more grateful for that backup and steady commitment.

The NSR program requires multiple layers of analysis and inappropriately captures many smaller projects that would benefit the environment by allowing upgrades of existing equipment to be more energy efficient. At the NSR hearing, Paul Noe, AF&PA Vice President of Public Policy, testified that the EPA needs to modernize a broken NSR permitting system in order achieve the twin purposes of the Clean Air Act to promote public health and welfare as well as the productive capacity of the nation.

Here’s the state of play. Our industry has invested billions of dollars on environmental stewardship and remains committed to innovative and sustainable business practices. Yet, an inflexible and overly complicated NSR permitting program is impeding beneficial projects and job creation and undermining paper and wood product manufacturers’ ability to effectively plan for their future. Here’s the solution. The time is now for the EPA to adopt flexible policies and realistic emissions data and modeling that will support our industry.

Before taking questions from members of Congress, Noe stated, “Our shared goal should be sustainable regulation — regulation that addresses environmental and economic needs. I believe there is no better place for a robust manufacturing sector than the United States, which has highly-productive workers, creative entrepreneurs and innovators, abundant resources, a strong free-market democracy and regulatory agencies capable of leading the world on sustainable regulation.”

We are grateful to have had the opportunity to make the case for NSR reform to Congress and are focused on delivering...
solutions here and across all our 2018 advocacy priorities. On that path, we’ll continue to work with and support stakeholders like the PPRC whose scheduling director Glenda Thompson summarized the impact of ill-advised policies in a recent AF&PA guest blog:

“PPRC members know that many times our representatives in Washington don’t know the full ramifications of their decisions. We understand how overzealous regulation and legislation can destroy businesses, communities, and lives. We all believe that environmental regulations are necessary. We live and recreate in the areas around our mills. We want clean air and water. We also want common sense regulation, not knee-jerk reactions that are overreaching and burdensome to the point that it is no longer economically feasible for a company to continue to do business.”

Fortunately, NSR and permit reform is also a big priority for the administration. EPA Assistant Administrator for Air, Bill Wehrum, has identified NSR permitting reforms as one of his top priorities for the year.

Stay tuned for results of our work with Congress, the administration, key decision makers and stakeholders to deliver results that ensure our industry has every opportunity to strengthen its roots and grow for generations to come.

The American Forest & Paper Association (AF&PA) serves to advance a sustainable U.S. pulp, paper, packaging, and wood products manufacturing industry through fact-based public policy and marketplace advocacy. To learn more, please visit: www.afandpa.org.
Building a Packaging Platform for Future Growth

Through strategic acquisitions, Graphic Packaging has added SBS capacity, increased vertical integration of its paperboard grades, strategically expanded its reach geographically, and remains focused on developing new products in growing markets.

Mike Doss has been at the helm of Graphic Packaging for just over two years now, but he’s certainly not a newcomer to the company or the markets and customers it serves. Back in 1990, Doss took advantage of a sales training program offered by Graphic Packaging and has been with the company ever since.

Currently, Doss is the President and Chief Executive Officer of Graphic Packaging Holding Company, positions he has held since May 20, 2015 and January 1, 2016, respectively. During that time, a number of acquisitions have taken place designed to build a platform for growth in key geographic regions and end markets, while increasing the company’s level of vertical integration of its paperboard grades.
From January 2015 through December of 2017, Graphic Packaging has added 16 folding carton facilities and a CRB (coated recycled board) mill. The company has increased its presence in the East Coast and Western U.S. and extended its reach in Canada and Mexico. Its North American capabilities and customer service have been enhanced with the acquisition of Seydaco in December 2017, and its European footprint continues to grow with the acquisition of Norgraft in northern Spain.

On Jan. 1 of this year, Graphic Packaging completed the combination of its existing businesses with International Paper’s North America Consumer Packaging business. This “transformative” deal included IP’s two SBS (solid bleached sulfate) mills located in Augusta, Georgia and Texarkana, Texas with a combined annual production capacity of 1.2 million tons of SBS, three converting facilities in the U.S. and one in the U.K., with the capacity to convert 250,000 tons of SBS paperboard into over 24 billion units of paper-based cups and cylindrical containers.

Considering the key role Mike Doss has and continues to play in the focused growth and prosperity of Graphic Packaging, PaperAge has selected him as our 31st Executive Papermaker of the Year.

You joined Graphic Packaging in 1990. What was your first job with the company?

I started in Graphic Packaging’s sales trainee program and moved around to a few different plants, both sheet-fed and web offset. I also spent some time in the paperboard mills, both our bleached mill back in those days as well as our CRB mill in Kalamazoo, Michigan. At the end of that 18-month period, I didn’t know a lot, but I had a good overview of the business and I knew who to call with questions.

So the sales trainee program played a key role for you.

It’s something I still feel strongly about today. Of course, as companies went through the nineties and early 2000s, when cost cutting was so prevalent, those programs were eliminated, including at Graphic Packaging. But nearly five years ago, we brought back our training programs for sales, finance, manufacturing and engineering. At any point in time, we have 10 to 20 new professionals coming out of college or the military who are going through our program. When you look around the corporation, you can see that we’ve got a higher retention rate with people who started in those training programs.

Today, you’re the president and CEO of Graphic Packaging Holding Company. What was it that motivated you to stay with the company?

First and foremost, I really enjoy the business. I like the manufacturing side of it a lot; I like the customers we’re able to serve and the long-term partnerships we have developed over time. We’re a critical part of our customers’ supply chains, helping them get their products out to their consumers all over the world.

The other part is that I’ve had not one, but three, really great bosses who took an interest in me personally and in my career. I earned good development opportunities where I could make some mistakes, but obviously not below-the-waterline mistakes. They kept good guardrails around me, allowed me to take some risks that developed my talents and skills, and kept moving me along in the organization. I always felt I was learning and growing in the jobs I had
and in the relationships I developed. I’m now in my 28th year with the company. An important part of my vision for Graphic Packaging is that we remain a company where talented and dedicated employees can reach their goals and have rewarding careers.

**On Jan. 1 of this year, you closed the deal that combines International Paper’s North America Consumer Packaging business with Graphic Packaging. From a business standpoint, what made the combination so compelling?**

Prior to the combination, Graphic Packaging was the largest producer of CRB and CUK paperboard in the U.S., but we did not manufacture SBS. We were actually the largest buyer of SBS in the U.S., purchasing about 200,000 tons per year for our converting plants. The combination extends our leading U.S. market position to include a scaled and low-cost SBS platform, with one SBS mill in Augusta, Georgia and another in Texarkana, Texas. We believe the increased scale and product diversity will allow us to better serve our customers and drive lower costs by further optimizing our mill system.

The combination also gives us a leading position in paper-based cup manufacturing with three state-of-the-art, highly automated cup manufacturing facilities in the U.S. and one in the U.K. Following the combination, we more than doubled our exposure to the growing foodservice markets.

Importantly, we see great potential to drive synergies from the combination by reducing costs, optimizing our mill footprint, and integrating the tons we previously bought on the outside. It was an outstanding strategic opportunity for our company, and we expect it to deliver significant value to our customers, employees, and shareholders.

**IP holds a 20% stake in the combination, so there must be mutual trust and respect between the companies.**

We’ve got a lot of respect for International Paper. We worked with IP to find the right structure that would make sense for both of our companies, and we finally came up with something mutually suitable. The fact that they have a minority interest in our partnership is something we’re very proud of.

**You’ve referred to the combination as ‘transformative.’ How so?**

We were heavily concentrated in the center of the grocery store with packaging for items such as cereal, cookies, crackers, pizza, beer and soft drinks. Now we can better service the perimeter of the store where retailers are doing much more with take-home meals and fresh, healthy product offerings. SBS tends to be the primary substrate of choice for making those packages.

In addition, we’re able to integrate our own tons and now have almost 24% of the company focused on foodservice, which includes cups, cartons and clamshells. We think that that part of our portfolio will grow faster than our traditional core segment of the business.

For all those reasons, it is a transformative opportunity for us to grow our business, provide us with more capabilities with SBS, and develop a different growth profile for the markets that we’re now able to penetrate with more integrated solutions.

**The combination with IP’s business must open up new product opportunities for Graphic Packaging. Could you give us examples of where or what those would be?**

We’ll be able to grow in scale in paper cups in North America and in Europe, which is a key strategic focus for us. Beyond that, we see many opportunities for paper-based products that were traditionally in plastics or film. We have a
fair amount of work occurring to replace traditional CPET-type bowls with paper-based bowls, and that’s an area we plan to grow as well.

We’re clearly seeing a move away from polystyrene towards paper-based and polypropylene cups, which have a better recycling profile. This movement from plastics into paper will expand the pie, and one of the things we’re trying to do is grab the biggest share possible, particularly of products that tend to be hot in nature, like coffee.

**In October 2017, Graphic Packaging acquired folding carton producer Norgraft in Spain. What do you like about this business?**

We’ve been growing our business in Europe for the better part of five years. We’ve got about a $700 million business, all in converting. We export about 170,000 tons per year of our CUK material into that market and convert it in our own plants. What the Norgraft acquisition gave us was two facilities in northern Spain that are well-positioned geographically – very close to the border with France – that allow us to further expand our presence and optimize our manufacturing footprint with low-cost, well-capitalized assets.


It helps us fill out our North American footprint the same way we’re doing it in Europe. We really didn’t have a presence in Canada until 2014 when we acquired Cascades’ folding carton assets and a mill in East Angus, Québec. Seydaco allows us to round out that business with its two facilities in Canada and one in Ohio. It increases our geographic presence and enhances our customer service capabilities in that market.

**Turning to reinvestment, you expect capital expenditures in 2018 to be about $380 million. Could you tell us about a few of the more prominent capital projects that will take place across Graphic Packaging’s mill and converting systems?**

We’ve been very focused on driving structural costs out of our system for some time now. About two years ago, we installed our first curtain coater on a high-speed paper machine in Kalamazoo, Michigan, and then we did another one in 2016 in our Macon, Georgia mill. This year we’ll do a third curtain coater on our other machine in Macon. These projects have allowed us to remove a significant amount of coating from our process and, specifically, reduce our TiO2 requirements substantially. Not only does that reduce cost, it supports our sustainability program. We’re able to meet our customers’ specifications while using less material, so that’s a win-win for everybody.

We’ve also got a couple more of those types of projects in West Monroe in the next few years. This year we’ll do a big project at our Augusta, Georgia mill, and we’ve got a recovery boiler rebuild project which will take about $30 million to complete. So, we’re focused on our mill investments to help us really drive down our structural costs.

**Anything else?**

We are currently constructing a world-class converting facility in Monroe, Louisiana, which will be the largest beverage carton plant of its type in the world and the first greenfield operation within Graphic Packaging since 2005. It is an exciting venture that offers significant opportunities to grow our beverage packaging business, open new markets, and provide existing customers with a high level of quality and service.

Beyond those, in our folding carton operations and in our mills, we’re focusing on projects that implement automation.
to reduce our dependence on unskilled jobs. We offer well-paying careers with good benefits in our local communities. It’s challenging, however, with unemployment being as low as it is, to find people to do the unskilled jobs. So, we will continue to automate the lower-skill roles, which in turn will help drive down our costs and overall labor requirements. The new tax laws that went into effect at the beginning of the year – namely the 100% expensing of those expenditures – make those projects attractive as well.

When it comes to new product development, what areas are you focused on?

We’ve had a key focus on our strength packaging platform, where you see retailers who want to have disappearing pallets and don’t want to put a lot of labor into stocking all the individual packaging on the shelf. What they’re looking for, particularly at club stores, is to wheel out a pallet, take off the wrap, and basically have consumer-ready packaging with graphics that is easily accessible.

Another area we’re focused on is our microwave packaging. We’ve been in microwave packaging for the better part of 35 years, and with our MicroRite® technology, we continue to identify new solutions that allow for quicker and more even heating. We recently had a nice development effort with a Brazilian company, JBS, and we are now shipping a lot of microwave packaging for protein products from our Wausau, Wisconsin facility to Brazil. It allows Brazilian consumers to have a unique and much more convenient cooking experience. And now we make the paperboard that is used for that, which is primarily SBS, so it is an integrated product for us, too.

We’ve also spent a fair amount of time working with our customers to build their brands. A lot of that is done with unique designs and different types of printing and coatings that give the package a little bit of ‘pop’ on the shelf. With the explosion of multimedia over the last decade or so, it can be a challenge for our customers to build their brands, so we need to help them at the point-of-purchase, which is a critical decision-making spot for the consumer. We really want that package to be presented in a way that is eye-appealing and eye-catching and stands out in a crowded marketplace.

Sustainability and recycling go hand-in-hand, and an increasing number of the world’s largest quick-serve restaurants have made commitments to replace food packaging made from materials such as foam and polystyrene with paperboard certified to SFI or FSC standards. The challenge then becomes recovering all that paperboard. How can/does Graphic Packaging help its customers direct more fiber-based packaging back to the mills to be recycled?

That’s really a great question and one that is front and center in my mind. We have to do a couple of things. We need to continue to work with coatings – bio-based coatings in particular – that will have the functional utility of polyethylene and other extrusion coatings, yet at the same time have a better compostability story. That’s point number one.

The second part of the story is working with end-use customers. Traveling globally, I realize that the U.S. lags when it comes to how stores and fast food restaurants collect and recycle paper-based products. For example, Japan and Europe have better collection systems in place to make sure those materials make it back for reuse. In many of the stores and fast food restaurants, specific products have specific receptacles, so the customers are trained to separate things when they’re done. Everything isn’t just dumped into one bin.

We must start a dialogue with our customers around end-users and how to create a more structured recycling environment within the stores that accumulate these materials. We must do it in a way that gets clean fiber back to our supply chain to manufacture products that can be reused again, whether it be a carton, a corrugated container or some other type of paper packaging. We’ve got the ability to do that in the U.S., but we need to develop better collection systems to make it happen. We’re going to have to take a leadership role with our customers to help drive some of the infrastructure around that, and that’s something we plan to work on at Graphic Packaging over the next few years.
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China’s Recovered Paper Problem

The Chinese government kicked off 2018 with tighter restrictions on contamination levels for imported recovered paper and, so far, reduced the number of import licenses it has issued to its paper manufacturers during the first quarter. Global exporters are faced with oversupply and weak pricing. The question remains: What will be China’s next move?

By Tedd Powers, Senior Consultant, Fisher International

It is no secret that China has a recovered paper problem. Actually, China has two different but related paper problems. First, let’s define some terms. There is a huge difference between recovered paper and waste paper. Recovered paper (RCP) is a valuable source of fiber used in the production of more than one-half of the world’s paper and paperboard. Waste paper is garbage. Literally, garbage. It has no value and gets burned or sent to a landfill. Herein lays China’s first problem. We estimate that China sends about 25 million tonnes of waste paper to landfills. By 2025, that number will be at least 40 million tonnes with some estimates as high as 65 million tonnes. The World Bank estimates that China will race past the United States as the planet’s largest producer of municipal solid waste (MSW), as shown in Figure 1. But this waste paper problem is only part of China’s broader issue with the vast amount of MSW it generates.
This ever increasing amount of trash means an ever increasing demand for landfills. Of course, more landfills require more land. More landfill also means more greenhouse gas emissions. The United States Environmental Protection Agency says that landfill gas is about a 50/50 mix of methane and carbon dioxide. Carbon dioxide gets a lot of attention, but the EPA claims that methane (the other greenhouse gas) is actually 28-36 times more potent than CO2. Not good. And China, the world’s largest emitter of greenhouse gases, has made public commitments to substantially reduce its emissions by 2030; adding more landfills is contrary to this position.

So, it is perfectly logical that the Chinese government would look for ways to mitigate these growing concerns. One response from the government was to announce an outright ban on the import of unsorted recovered papers and a severe tightening of the restrictions on the quality level of other recovered papers. The government also initially limited the issuance of permits to import RCP to those companies with pulp and paper making equipment and who also have annual production of 300,000 tonnes or more. That initial threshold meant that only 72 of the more than 325 companies using RCP in China would have been eligible to receive permits. The government has since lowered the production threshold to 50,000 tonnes making nearly all of the paper companies in China eligible for a permit.

**CONTAMINATION LEVELS ARE A PROBLEM**

But why pick on paper? There are at least two reasons. The first should be evident from what you have read thus far . . . there is a lot of paper being sent to landfills so any effort to reduce this amount should be pursued. The second reason requires us to focus our attention on waste paper’s more attractive cousin, recovered paper. China believes — and likely rightly so — that imported RCP is a significant source of trash, both undesirable paper and other forms of waste like plastic and glass. If the level of these contaminants is high enough, entire loads of otherwise desirable RCP can be rendered useless and become garbage. At the very least, the contaminants have to be sorted out and will find their way to the landfill. So, we once again find ourselves agreeing that extra attention to imported RCP is a perfectly logical step. However, here is where things get a bit tricky. There is a symbiotic relationship between buyers and sellers of recovered papers. China’s paper and packaging industry is extremely dependent upon RCP as a fiber source. And, the world is very dependent upon China as a buyer of RCP (Figures 2 and 3).

China is not only dependent on RCP, it is dependent on other peoples’ RCP. More than 40% of China’s RCP comes from other countries (Figure 4). Thus, China’s second problem: How can it clean up the supply of imported RCP without unduly disrupting the availability of this critically important raw material?
China has a great incentive to improve the quality of the RCP it imports, but meeting the higher quality requirements will be more expensive for collectors and exporters in other parts of the world. While China can certainly exercise some influence over its import of RCP, it just as certainly cannot simply close the door to imports. China’s paper industry would come to a grinding halt. Chinese containerboard producers who make the boxes that serve as the first order vehicle for the delivery of Chinese produced goods are totally reliant upon RCP. For these companies, 98% of their fiber use comes from RCP. Without this fiber, these producers’ machines will go silent. There are some large and powerful companies with much to lose. For example, the five largest Chinese producers consume one-third of the country’s RCP supply (Figure 5).

While we do not fully understand how decisions are or will be made regarding which companies get licenses to import recovered papers, it appears that some of these larger companies still have access to imported RCP and some, like Nine Dragons, are reporting astronomical increases in profits. However, if bans or severe restrictions persist for long, companies of all sizes are likely to feel the pain. There probably aren’t any fiber alternatives available in the near term for Chinese producers. Building a virgin or fresh fiber pulp mill takes a lot of money (which they probably have) and a lot of time (which they probably don’t have). China is also lacking the primary requirement to build fresh fiber mills for containerboard — large stands of easily harvestable softwood trees. Even if China were able to replace RCP with fresh fibers, the cost would be crushing. Getting kraft softwood fiber to the headbox of a machine costs more than twice the amount of recovered fiber (Figure 6).

**OVERSUPPLY AND WEAK PRICING**

To this point, we have talked exclusively about China. But, of course, there is another side of the equation in China’s recovered paper problem. What about the exporters? The ban and restrictions in China have certainly affected the RCP business in other countries. October exports from the United States to China were less than one-half the year-ago level (Figure 7).

Prices for RCP in the US have plummeted, hurting the profits of collectors of Old Corrugated Containers (OCC) and other grades. The US domestic price of RCP is almost entirely dependent upon the price China is willing and able to pay. With China on the sidelines, demand has fallen dramatically and prices have fallen along with it.

However, some of the largest US collectors of RCP are also some of the largest consumers. Several of the country’s largest paper-based packaging companies have large scale recovered
Paper businesses. These businesses not only export to China, they also supply their own companies’ paper mills with recovered fiber. These mills and other buyers of RCP, particularly in the US and Europe, are experiencing a huge windfall as China sorts through its RCP problem. The longer China extends the bans and restrictions, the more profits buyers of RCP in other countries will earn so these companies probably aren’t overly eager for China to find a solution.

There are also longer term considerations we should discuss. If RCP prices in North America and Europe stay low, producers will try to use more of it. In North America for instance, more than two-thirds of all containerboard is produced at mills which can use either virgin or recycled fiber (Figure 8). For these mills, several of which are owned by the same companies exporting RCP to China, there is a price point at which it makes sense for them to increase production of recycled fiber and decrease the use of virgin fiber. In addition, the capital cost of building and maintaining virgin fiber pulp assets is much higher than it is for recovered fiber assets.

If there is the expectation of low-priced RCP for the long term, we should expect to see more investment in recycled assets and thus a shift in the balance of virgin and recycled fiber use in North America. As this shift occurs, the collectors of RCP can replace at least some of the lost volume from reduced exports to China with an increase of sales to domestic buyers.

**COURSES OF ACTION**

So now what? Who blinks first? Do exporters of RCP spend the capital required to meet China’s tighter restrictions or does China relax the restrictions to prevent its paper and packaging industry from being starved of fiber? Have you ever heard of John Nash? If you saw the movie “A Beautiful Mind,” you know who he is. But if you haven’t heard of him, John Nash developed a theory called “Nash Equilibrium” which was a groundbreaking discovery in the field of economics and game theory. Nash proved that each player of a game will decide their own course of action based on their knowledge of their competitor’s best course of action.

It seems clear that China doesn’t have any great options in the near term other than to find a way to reopen the door to the import of RCP. It also seems clear that collectors of RCP would know that China’s best course of action is to find such a solution. Parties on both sides of this equation should be able to look ahead and see how the game will end. In this case, China will have to loosen the restrictions on the import of RCP or the game will end badly for them. China simply cannot afford to let its containerboard producers run out of raw material and all parties know that. In the longer term, China could reduce its dependency on imported RCP and thus have more leverage to impose tighter guidelines, but until then, its best outcome is ensuring the free flow of RCP.

Tedd Powers can be reached at tpowers@fisheri.com. Fisher International is a consulting firm that supports the global pulp and paper industry with business intelligence and data-driven strategy consulting. To learn more, please visit www.fisherintern.com.
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In mid-March, members of the printing, publishing and paper producing industries announced the formation of Stop Tariffs on Printers & Publishers (STOPP), a coalition of associations and companies fighting proposed countervailing duties (CVD) and anti-dumping duties (AD) on imports of uncoated groundwood paper from Canada. That class of paper includes newsprint, as well as paper for printing and book publishing.

The coalition says the tariffs threaten more than 600,000 jobs across the U.S. printing and publishing industry.

“The U.S. International Trade Commission and the U.S. Department of Commerce should consider how protective duties can harm some important U.S. industries while protecting others,” stated Allan Adler, General Counsel and Executive Vice President for the Association of American Publishers.

The Commerce Department has determined that exporters from Canada have sold uncoated groundwood paper in the U.S. between 0.00 and 22.16 percent less than fair value, down from the estimated dumping margins alleged by the petitioner of 23.45 to 54.97 percent. The petitioner is North Pacific Paper Company of Washington State.

As a result of the March 13 decision, “Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits from importers of uncoated groundwood paper from Canada based on these preliminary rates,” according to a release from the department.

The STOPP coalition is asking the International Trade Commission (ITC) and the U.S. Congress to reject these newsprint tariffs and protect U.S. jobs.

Michael Makin, President and CEO of Printing Industries of America, said, “As consumers of Uncoated Groundwood (UGW) paper, printing companies — especially those geographically positioned in the Midwest and Northeast — will feel the havoc countervailing duties and antidumping tariffs will bring to the marketplace. Printers will be faced with the lose-lose proposition of absorbing the hit, which will lead to higher operational costs, or passing it on to their customers, many of whom wish to remain in print but have cheaper, electronic alternative methods to deliver content or to advertise.”

Seth Kursman, vice president of corporate communications, sustainability and government affairs for Resolute Forest Products, added, “As the leading producer and employer for uncoated groundwood paper in the United States, we recognize that market erosion, not unfair trade, has caused more than a 75 percent decline in North American newsprint consumption since the year 2000. The current investigation by Commerce, at the request of one outlier company, is causing even more turmoil and job losses in the newsprint and commercial printing paper segments.”

Commerce is scheduled to announce the final determination in this investigation on or about August 2. U.S. authorities will start collecting cash deposits immediately from Canadian importers based on the preliminary duty rate, CNHI News Service reported.

If Commerce makes affirmative final determinations of dumping and the U.S. International Trade Commission makes an affirmative final injury determination, Commerce will issue an AD (antidumping duty) order. If Commerce makes a negative final determination of dumping or the ITC makes a negative final determination of injury, the investigation will be terminated and no order will be issued.
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