China’s Modern Paper Industry Slated for Major Development

The role of China’s paper industry as a new source of economic growth under the country’s 12th Five-Year Plan (FYP) for paper industry is highlighted in APP-China’s latest edition of the Paper Contract with China (PCwC) report.

According to official figures, the Chinese paper industry’s output in 2010 stood at nearly RMB 600 billion (USD 95 billion) in value. This was a rise of over 25% compared to the previous year, demonstrating how the paper industry has become one of the key components of the Chinese national economy.

As an indispensable part of the national economy, the paper industry also acts as an economic stimulant for a number of upstream and downstream industries, as well as for local economies. Being at the core of an extensive industrial supply chain, it has a profound impact on related industries such as forestry, agriculture, environmental protection, printing and publishing, chemicals, machinery manufacturing, industrial automation and transport.

For instance, APP Hainan Jinhai Pulp & Paper is one of the largest enterprises within the Hainan Yangpu Economic Development Zone. The zone was responsible for 42% of the province’s industrial output in 2011, while it occupies less than 0.1% of the island’s total land area. In addition, the paper industry’s connective impact on related industries can be demonstrated by its impact factor of 1.2151, which is significantly higher than the chemical or electronics & communications industries, with impact factors of 1.1519 and 1.0968 respectively.¹

¹The impact factor refers to when a certain product sector of the national economy sees a unit increase in its end product, and the relevant impact this has on the production needs of other sectors in the national economy. The larger the impact factor, the greater impact an industry sector has on others.

The paper industry’s robust growth and the organic integration of the plantation-pulp-paper business segments have created job opportunities on multiple levels, which encourages positive social development. To illustrate this, Mr. Xu Weidong, former Secretary-General of the Forest & Paper Branch of the China Forestry Industry Association, notes that an average 700-kilotonne-wood pulp line requires supply from a plantation of 3 million mu (200,000 hectares). At the rate of an average of 110 workers a year per 10,000 mu (666.7 hectares), a total of 33,000 workers are necessary to maintain normal operations. Around another 10,000 workers will be needed to operate production. The production line will therefore directly create about 43,000 jobs in total.

Nevertheless, the industry has been plagued by environmental problems, traditionally caused by the widespread use of outdated technology and a lack of environmental awareness. However, today’s paper industry has undertaken a complete transformation. Amidst technological advances, as well as rising of national standards and increased awareness of corporate responsibility, China’s modern paper enterprises are taking active measures to modernize the industry by employing renewable resources within a cleaner production process.

This trend is echoed in China’s 12th FYP, which identifies the future development of China’s paper industry as a technology-intensive, energy-saving and environmentally friendly sector. During the 12th FYP, China’s paper industry will step up its sustainable operations to enhance its global competitiveness, while retaining its resource and energy use to provide its customers the highest quality paper products, and thus make increasingly significant contributions to the national economy. ■