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SNIPPETS
FOR THE PAPER INDUSTRY

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THE PAPER SCENARIO - IN EASTERN EUROPE

Eastern Europe is considered to comprise of 20 countries: (Albania, Belarus, Bosnia-Herzegovina, Estonia, Bulgaria, Croatia, Czech Republic, Hungary, Latvia, Lithuania, Poland, Ukraine Macedonia, Russia, Moldova, Romania, Slovakia, Slovenia, Serbia-Montenegro).



They share a common history and a common demography, as almost all were part of the erstwhile Soviet bloc.

The political changes in Eastern Europe brought with them a complete change of the existing economic system. The pace and methods by which these changes have occurred differed from country to country as they moved from centralized systems to market economies.

PAPER INDUSTRY IN EASTERN EUROPE

Approximately 17.4 million tons of paper and paperboard capacity exists in Eastern Europe, but the actual production capacity is much lower. Russia represents almost half of the region's installed capacity and some 40% of production.

Central European countries: *Czech Republic; Poland; Romania; Slovak Republic; Slovenia and Hungary* are expected to lead consumption into the next decade.

In the 1990's, Jaakko Pöyry, had analyzed the apparent age and theoretical capacity of almost 800 P&B running machines to estimate the practical production capacity in the region. As per their analyses, less than one-third of the region's overall production capacity could be considered competitive.

RAW MATERIAL AND GRADES

There are obvious differences in the grades produced between Eastern and Western Europe.

While printing and writing grades account for one third of total production in Western Europe, the level in Eastern Europe is only half of that. Instead, packaging accounts for approximately 60% of production.

Prior to 1989, pulping was a major activity for the paper industry with Czechoslovakia as a leader followed by Poland and Yugoslavia. Today, Recovered Paper (RCP) is a significant source of fiber in the region.

RCP usage has been growing at an average rate of 9% / yr. By 2010, the region's combined utilization topped 42%. Most of the new production capacity is expected to be RCP-based.

PAPERMAKING COUNTRIES

Apart from Russia, a review of the other paper making countries reveal the following facts.

Czech Republic

The pulp and paper industry is one of the most forward-looking branches of the Czech manufacturing industry.

Paper and paperboard consumption is continuously growing in the Czech Republic, dictated not only by the growing performance of the Czech economy, but also by the rising standard of living. Of the total of 147 companies with 20 and more employees, 35 are under foreign control (28.3%).

Its production is based on renewable raw materials (wood mass) and secondary raw materials mostly of Czech origin.

Norske Skog Štětí a.s. is the most important newsprint manufacturer in the Czech Republic, with an annual production capacity of 130,000 tons of newsprint (48.8 gsm). Import and export of P&B in the Czech Republic is almost evenly balanced.

The decisive partner in exports is Germany, accounting for 22%, of the total. Its other important partners are Slovakia, Poland and Italy. In imports, too, Germany continues to be the largest trade partner, with a share of 34%.

Poland

Poland has had a long history and tradition in papermaking. Even in 1999, there were as many as 2500 paper producing units. Most of these are closed or not viable any more.

3 large integrated units have merged with international players: **Mondi, International Papers** and **Intercellulosa AB**.

Poland produces 1.2 Mio. Tons of Pulp, 4 Mio. Tons of P&B and has a per capita consumption of 52.5 Kgs. It exports 2.0 Mio. Tons (mainly packaging papers to Germany and Russia) and

INDUSTRY NEWS

Adoption of "**Clean Technologies**" is the focus of the **Indian Paper Industry**. A consortium has been formed between **Innventia**, the Swedish Paper Research Institute, **IVL**, the Swedish Environmental Research Institute, **CII** and **IPMA** for A two - year facilitator programme initiated by **IPMA**.

imports 3.2 Mio. Tons (mainly graphic papers from Germany and Czech Republic).

Today most of the large mills are owned or operated by western paper companies. Most of the fiber needed to fuel Poland's production expansion will be collected domestically.

The **Institute of Papermaking and Papermachines** - Lodz, was founded in 1970. Today it awards the M.Sc. degree in papermaking apart from other degrees and certificates. Lodz is also home to **The Association of Polish Papermakers**.

Romania

Romania is still an emerging East European country. Presently Romania's exports of different products is leading to increased paper consumption. Paper Consumption is 384,000 Tons / Annum which is approximately 20 kg / capita.

Petrocart, established in 1908 is still an important mill employing 300 people. The company produces a range of cardboard products and Tissue, which is produced with heat treated recycled paper. *Helga*, *Salmo* and *Fana* are it's famous Tissue Brands.

It has ordered a new, complete tissue production line from Toscotec, Italy, with a width of 2.85 meters and a design speed of 1,500 m / min. The new production line will produce 75 metric tpd of high-quality toilet and towel grades.

Hungary

Hungarian paper consumption is currently about 950,000 tons per year, with a production of about 650,000 tons / year.

Paper is produced at three companies with cellulose production (20,000 ton / year) at one single company.

Dunapack Zrt in Dunaújváros is the biggest company in the sector, producing 645,000 ton / year of paper and cellulose.

Petofi Nyomda is a 160 year old company, taken over by the Packaging Division of **M-Real** Group of Finland.

Hungary's Central Statistical Office has drawn attention to the positive effect made by foreign companies to the shape of the country's paper industry and its prospects.

Slavic Region (former Yugoslavia)



During the times of Yugoslavia, the country's paper industry employed 200,000 and operated over 70 pulp and paper mills with a total capacity of 1.5 Mio. Tons of fibre based production. Today this region is characterized by a high tissue consumption of the order of 250,000 tons per annum.

Present-day tissue manufacturing is marked by the absence of major multinationals, while the local industry retains strong brand recognition. Production facilities are located in Slovenia, Croatia, Bosnia-Herzegovina and Serbia and range from fully integrated tissue mills like **Paloma** (Slovenia) and **SHP Celex** (Bosnia-Herzegovina) to small family owned converting shops. Paloma's 70,000 tpy tissue capacity is the highest in the region, while the **Violeta** brand manufactured in Bosnia-Herzegovina, is a leader in local markets (53%) and also in Croatia (21%).

CONCLUSION

Most of the East European economies will need to experience a rapid "catch up" growth, to converge on the living standard levels of their West European neighbors, a move which will ultimately fuel Paper consumption.

In the short term, incremental paper and paperboard demand could be filled by imports. In the long term, however, competitive regional production will likely displace imports. Already, many European and some North American paper companies are quietly establishing market share in this fast-growing region.

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| QUOTABLE QUOTE | "Until we can manage time, we can manage nothing else." - Peter F. Drucker | |
| SCRABBLE | What does APPITA stand for? (Hint : Paper Fraternity) First correct answer will win a Parker Vector Roller Pen (Maximum two prizes for one person in a year). Email your answers to snippets@wirefabrik.com by 20 th May, 2013. | |
| WINNER APRIL'13 | Mr. Vijay Sharma, Dy. Manager-Bagasse Process, Century Pulp & Paper , Ghanshyam Dham, Lalkuan, Nainital-262402 Answer : <u>SOAT</u> : SURFACE OIL ABSORPTION TEST | |
| ?QUIZ | Match the members of the two groups a) Turbidity b) Conductivity c) Charge Density d) Tint 1) Hazen 2) Meq. Per Litre 3) FTU 4) Microsiemens Per Second Email your answers to snippets@wirefabrik.com by 20 th May, 2013. | |
| WINNER APRIL'13 | Mr. S S K Murthy, VP, Murli Industries Ltd., Writing & Printing Paper Unit, 239, East Wardhman Nagar, Nagpur-440008 Quiz : Forming fabrics of high caliper are not recommended for high speed (> 1000 m / min.) paper machines. Why? Answer: Because of high machine speed, drainage is less leading to higher moisture at the couch. | |
|  Prizes | 1. Best / first correct answer received will win one-year subscription to IPPTA Journal (Maximum one prize for one person in a year). 2. Best of the 12 monthly winners in a year, will win one-year subscription to Paper 360° Magazine, USA. | |
|  Threat Perception | <i>Now-a-days security levels at banks are very strange. They may leave the doors of the vault room open but they are sure to chain up the pens at the counter.</i> | |
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