

# Special News Bulletin

**WCO/ FEFCO Summit in Vienna, 18. – 20. April 2012**

**TO: WCO MEMBERS**

**14. May 2012**

**Dear Ladies and Gentlemen,**

The WCO Market Committee Meeting took place on April 18, 2012 in Vienna/ Austria within the frame of the FEFCO Summit (European Federation of Corrugated Board Manufacturers). The Market Committee enjoyed a good participation from attendees from all over the world and reflected on the development of containerboard and corrugated board in the worldwide regions.

l) **WCO President Mike Harwood/ CEO Pratt Industries** gave an overview on the US, Mexico, Central America, Australia, New Zealand and India.

a) The **US** is emerging slowly from the recession and containerboard shipments are expected to expand by 1% in 2012. Rising input costs keep margins low; however a price recovery is expected at the end of 2012. A major growth should resume in the 1.Quarter of 2013. There are 8 main producers of containerboard, whereof two companies have a market share of 53%. Mergers and consolidations are expected to continue in North America.

b) **Republic of Mexico**

In Mexico the economy is improving rapidly, driven by the middle class. The manufacturing growth is exceeding the prior two years. Mexico is becoming a major exporter of fruits and vegetables. Paper imports are vital; domestic paper is mediocre. The industry rationalizations are expected to continue.

c) **Central America**

In Central America the industrial economy is expanding rapidly and agricultural markets for exports are fast growing. Linerboard imports are critical for export boxes. New box plants are proliferating and expanding. There is a modest expansion of containerboard in Ecuador. The CAFTA agreement is encouraging banks to finance the expansion

d) **Australia & New Zealand**

In Australia and New Zealand a low domestic growth is expected for the next 3 years. Due to the fact that internal markets are saturated, the export of goods is essential. Primary growth is food and beverages. Asia is a key market for kraft linerboard exports. Capital investment is centered on paper mill modernization and high tech corrugator plants. Plantation forests expanded by 22% in 2007–2011.

e) **India**

India packaging growth will mirror China. Corrugated plants will expand and modernize. Light and heavy manufacturing will expand rapidly in this decade. Kraftliner imports will continue to

grow. Some experimental forestry research is underway for tree plantations in the South. Foreign investments in paper mills are likely.

II) **José Soares/ Klabin** described the development in **Brazil and South America**.

Brazilian corrugated shipments increased within the last 4 years and are expected to grow by an average of 3.5% until 2015. Other South American countries (Chile, Argentina and others) are expected to increase corrugated shipments between 2.5% and 3.3%. The apparent consumption of containerboard is forecasted to increase on an average of 2.9% within the next 4 years. The largest containerboard producer in South America is Klabin, followed by MeadWestvaco and Smurfit Kappa.

III) **Yosuke Kawamoto/ Rengo** reported on **Japan**.

In 2011 Japan's GDP decreased slightly by -0,7%. In the following years (2012 – 2016) an increase between 1.3% and 2% is expected. In 2009 – due to the financial turmoil – Japan's containerboard production dropped by -10.9% and bounced back in the following 2 years. However, the production of 2007 has not been reached yet. Japan is a big exporter of OCC to China.

IV) **WCO Managing Director Klaus Spielmann** informed about Europe and China

a) **Europe**

The macro economical development in Europe is moderate, while business indicators are showing a lack of confidence. The European containerboard industry is still fragmented; however, consolidations are expected. Biggest producer is Smurfit Kappa with a market share of 16%, followed by DS Smith/ SCA (13%), SAICA (12%) and Hamburger (8%). The European market is dominated by recycled containerboard (83%).

b) **China**

The Chinese GDP is forecasted to grow by 8% in 2012, the lowest growth rate since years. China's share of world paper demand for paper and paperboard is expected to grow from 16% in 2005 to 29% in 2015. Within the years 2011 to 2013, 8.8 Mio. tons of new containerboard capacities are expected to come on stream. China's containerboard demand in 2011 was over 40 Mio. tons.

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**MARK YOUR CALENDARS**

**13. – 16. May, 2013**



**to join ICCA/WCO for  
the 2013 Global Summit  
to be held in Paris, France**