

Special News Bulletin

Brussels, June 18, 2014

TO: WCO MEMBERS

On June 04, 2014 the **WCO Market Committee Meeting** took place within the FEFCO Summit 2014 in London/ UK. WCO started with the Market Committee Meeting in 2007 in Athens/ Greece. Since then a Market Committee Meeting has taken place every year; the last one a year ago in Paris, France. Eight experts from the containerboard sector gave an overview on the worldwide macro economic development and on corrugated base papers.



The first speaker was **Paul Leclair**, Vice President & Chief Economist of Numera Analytics.

Paul stated in his presentation that global growth will accelerate in 2014 and 2015; however, the recovery will remain weak. The acceleration will be driven by advanced economies. Then Paul gave an outlook of containerboard development in different regions.



Mike Harwood, Deputy Chief Executive Officer of Pratt Industries and Chairman of WCO, gave an overview on the containerboard- and corrugated board market in “The Americas” (USA, Mexico and Central America). Mike informed about good operating rates between 91% (Canada) and 96% (Mexico). Corrugated shipments are expected to grow within the next years.



Serge Desgagnes, General Sales Manager at Kruger gave an overview on the Canadian containerboard market. Increasing box shipments can be seen since 2009 and new capacities have come on stream. Canada is regarded to be very competitive due to currency devaluation.



José Soares, Director for Klabin’s Kraft Business unit, showed macroeconomic scenarios in Brazil and other South American countries. He further informed about the development of containerboard, the major players, PM widths, market shares and shipments.



Carl Bohm, President of ICCA, gave an up-date on China and Taiwan. China is currently facing an economic slowdown (GDP grew 6.7% – 7% in 2013); however it continues to be the single largest containerboard and corrugated board market in the world. Taiwan's economy remains positive with lower growth expectations for container- and corrugated board.



Yosuke Kawamoto from Rengo where he is a Member of the Board, Managing Executive Officer, responsible for President Office, Tokyo General Affairs Department and Public Relations Department, reported about macro economic aspects and the containerboard sector in Japan; production, utilization rate, recovery and recovery rate, end use sector of corrugated boxes, net exports of paper and OCC.



Orifjon Abidov, Senior Economist, European Paper Packaging at RISI, reported that higher inflation rate driven by depreciation of the rouble is already affecting consumers' disposable income in Russia. Further on, a high pressure of closure on small recycled containerboard mills is seen. The Ukraine containerboard industry is highly dependent on the Russian market.



Stefano Rossi, Paper CEO of DS Smith and President of Capi ContainerBoard, gave an interesting picture of the European containerboard and corrugated board market, stating that the European containerboard market is on a long term yearly growth of 1,3% - 1,5%. The substitution in favour of recovered grades is still ongoing. The white grades; however, show a slightly higher growth. Up to now the European kraftliner market is net importer but, with the building of a new KL capacity – the first since decades – the market could become self sufficient. There are also reports about new capacities for recovered based papers coming on stream within the next years.



The next WCO Market Committee Meeting will take place within the ICCA/WCO Global Summit in Taipei and Shanghai April 13-17, 2015. Business leaders from all aspects of the Global Corrugated and Containerboard Industry will convene in Taipei to participate in the most important event of this decade. Registration for this event will open in August 2014. We look forward to seeing you there!