

PPI Pulp & Paper Week

PAPER, PACKAGING AND FIBER MARKET NEWS AND PRICES FOR NORTH AMERICA

Pixelle now is largest North American specialty paper producer; has no plans to make more board, CEO says

Pixelle Specialty Solutions became the largest specialty paper producer in North America when it completed the \$400 million acquisition this week of Verso's mills in Jay, ME, and Stevens Point, WI.

Pixelle now expects to generate about 70% of its annual revenue from specialty paper, with a business unit that operates with 12 machines at four US mills and on about 1.4 million tons/yr of capacity, according to CEO Tim Hess, who previously was a long-time specialty paper leader at Glatfelter.

Other large North American specialty paper companies that sell in the US market are Ahlstrom-Munksjö, which acquired *»» continued on page 4*

US BSK flat to up \$30 -- Finland strike ends, some NBSK exports to China resume despite coronavirus

US market pulp markets went into disarray as North American bleached softwood kraft (BSK) producers moved to implement broadly-announced \$40/tonne price increases that started on Feb. 1. Demand has held up at a mostly steady pace for this time of year, but shipment bursts normally associated with the scale of the announced price hikes were absent and buyers pushed back attempts at full implementation.

Benchmark northern bleached softwood kraft (NBSK) preliminary February effective list prices were flat to up \$30/tonne as the range of prices opened up to \$1,115-1,145/tonne, according to *»» continued on page 8*

Neenah CEO O'Donnell to retire after broadly growing company's top line; COO Schertell moves to top position

Neenah, a specialty and premium fine paper, and technical products company that has mightily grown from acquisitions the last 10 years into a billion-dollar-a-year firm, announced that CEO John O'Donnell will retire in May after nine years at the top post and be replaced by COO Julie Schertell.

O'Donnell's retirement is effective May 21. He also will leave the company's board of directors. Schertell in late May will officially replace O'Donnell. She will join the Neenah board immediately.

"It has been an honor and privilege to lead Neenah and be able to work with so many talented and dedicated individuals *»» continued on page 6*

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Linerboard

Export US kraft liner prices appear to hold, with players gearing for possible March rise

US unbleached kraft linerboard pricing appeared to be holding unchanged for a fifth straight month to Mexico, and South and Central America, contacts said this week, including one who said the stability was welcomed after the "bottom fell out" on prices last year.

The US ships two of every three tons of export kraft linerboard that it produces to Mexico, and Central/South America, with Mexico's share of overall exports at about 20%.

Fastmarkets RISI's *PPI Pulp & Paper Week* publishes export and domestic linerboard and corrugating medium prices on Feb. 21.

Contacts in Mexico in October and November thought 2020 would be a weak or soft year economically for their businesses. They lashed out at the new Obrador Administration. Now, those contacts see promise for 2020, citing the new North American Free Trade Agreement, and what has been a stable Peso.

"There are a lot of changes," said one contact with a Mexican box maker. "It is a (US) election year."

The contact believes in a positive US economy as President Trump seeks re-election, which he said would also benefit Mexican businesses.

"The only way Trump is going to get in is if the economy is booming," claimed a US box contact in the East.

Bio-Pappel this week also cited the trade agreement as a benefit to their US business, which is expanding. The company said the recently agreed US-Mexico-Canada Free Trade Agreement is for a "combined potential trade market of US\$1.0 trillion, by far the largest commercial block in the world."

"In Mexico, there still is no kraft linerboard increase from any player (for February)," a contact told *P&PW* on Feb. 12. "There's a lot of noise that mills are pushing for (an increase of) \$20/tonne."

In South/Central America, there's discussion about a \$10/tonne increase.

One trader named two US majors out with price increases for export business. *P&PW* on Jan. 31 first reported plans from some US companies for kraft linerboard increases in southern Europe and China, for March deliveries.

Coronavirus impact. Traders this week said that the coronavirus in China was an unknown for any price increase attempt, especially if the market remained shut down and kraft linerboard exporters had to find new homes for tonnes that were set for China. Already, one contact in Europe told of a producer who offered additional tonnes, which were supposed to be shipped to China but the order was canceled this week.

In South/Central America, a trader said the region exports fruit to China, and "I think all are waiting for the effect of coronavirus on the fruit exports."

"In China, the (business) market is paused," one trader said last this week. "There are no new

orders. China is locked. People are in their houses. It seems like on Feb. 17 that (manufacturing) will regain normal activity but that is also uncertain."

Another US exporter suggested a larger economic impact from the virus and asked: "What happens when Walmart can't get its (retail) products from China and how will they substitute for that?"

Further, shipping lines are trying to increase rates, and a trader said that there is now "cost-push from the shipping side plus a price-push for the commodity," such as kraft linerboard, "and that's not going to go over well with the customer."

Southern Europe. In Europe, contacts said there were increases on recycled linerboard and they expected a kraft linerboard increase as well.

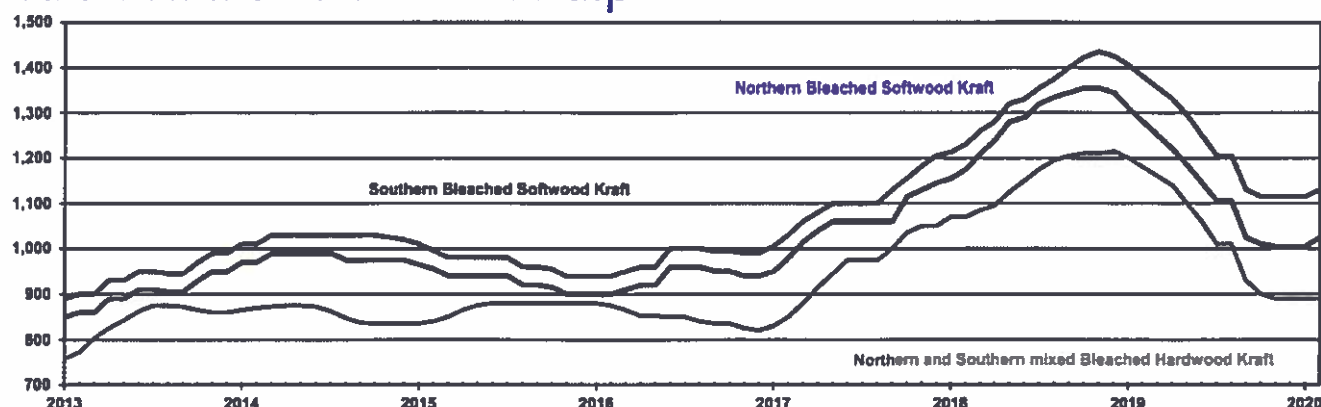
"Some converters were caught short with a little less stock," a US exporter said. "It will be some type of a partial increase. It has to happen. It's been too long and too much lost going the other way (for producers)."

US kraft linerboard prices are down about \$100/tonne in Latin America and Mexico since September 2018, and down by

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CORRECTION: The Feb. 7 issue of Fastmarkets RISI's *PPI Pulp & Paper Week* misidentified the number of downtime days that one of Mexico's Grupo Gondi mills was shut down in January (*P&PW*, Feb. 7, p. 8). The downtime was for eight days, a company official told *P&PW*.

PRICE WATCH: Market Pulp



Effective list price before regular volume and customer discounts. US\$/metric tonne unless otherwise noted.

Effective as of 1/1/2019. All prices are regular volume and customer discounts. \$/MT metric tonne unless otherwise noted.

	Current months				Year-to-year	
	Feb. 2020 Preliminary¹	Jan. 2020	Dec. 2019	Q4 2019	Feb. 2019	% chg.
US (DELIVERED IN EAST)						
Bleached softwood kraft						
Northern (Canadian)	1115 - 1,145	1,115	1,115	1,115	1,380	-18.1
Southern (US)	1,015 - 1,035	1,005	1,005	1,007	1,280	-19.9
Bleached hardwood kraft						
Northern and southern mixed (Canadian/US)²	890	890	890	893	1,180	-24.6
Eucalyptus	890	890	890	895	1,180	-24.6
Specialty grades						
Unbleached softwood kraft (Canadian/US)	1,045 - 1,085	1,045	1,045	1,045	1,310	-18.7
Fluff (US southern kraft, untreated softwood rolls)	1,105 - 1,135	1,105	1,105	1,107	1,330	-15.8
Deinked (US air-dried and wet-lap, 100% post-consumer for printing/writing)	760 - 765	760	760	767	915	-16.7
Spot Markets ³						
Northern Bleached Softwood Kraft	610 - 640	610 - 640	605 - 645	620	780	-19.9
Southern Bleached Softwood Kraft	520 - 560	520 - 560	500 - 540	520	670	-19.4
Northern and Southern Bleached Hardwood Kraft	480 - 520	480 - 520	470 - 510	490	695	-28.1
EUROPE (CIF)	Pending¹					
Bleached softwood kraft						
Northern (Canadian/Nordic)	820	820	820	822	1,105	-25.8
Southern (US)	780	780	780	782	1,065	-26.8
Bleached hardwood kraft						
Northern mixed (Canadian/US)	640	640	640	643	948	-32.5
Southern mixed (US)	630	630	630	633	938	-32.8
Specialty Grades						
Fluff (US southern kraft, untreated softwood rolls)	1,105 - 1,135	1,105	1,105	1,107	1,330	-15.8
ASIA (CIF)	Pending¹					
JAPAN						
Bleached softwood kraft						
Northern (Canadian)	660	660	660	673	775	-14.8
Southern (US)	570 - 600	570 - 600	590 - 610	608	745	-21.5
Bleached hardwood kraft						
Northern and southern mixed (Canadian/US)	500 - 510	500 - 510	500 - 510	505	700	-27.9
KOREA						
Northern bleached softwood kraft	690	690	690	703	845	-18.3
	Preliminary¹					
CHINA						
Northern bleached softwood kraft - net ⁴	565	565	555	563	700	-19.3

SPECIFICATIONS

All prices are best estimates of list prices before regular volume and contract discounts and are composite prices as opposed to median or average prices. Actual transaction prices may vary. US prices include normal freight allowance for delivery to consuming paper mills. Export prices are CIF main European ports. Normal terms include a 1.5% discount for cash payment or 60 days. Prices may not reflect some existing contract discounts off list prices still in effect: in North America, typically 36-44%; in Europe, 22-30%; in Japan, 3-9%; in Korea, 13-16%; in China, 0% (from Canadian and European producers). BHK pricing varies according to species used for the pulp.

DISCLAIMER

While the information contained in this Index has been obtained from sources believed to be reliable, Fastmarkets RISI does not warrant or guarantee the accuracy and completeness of the information.

NOTES

1. Preliminary and final prices: US - Mid-month PPW effective list prices shown are preliminary prices. End-of-month final prices published in PPW and World Pulp Monthly supersede these preliminary prices. Full details at: www.risi.com/PulpPriceChanges. Europe - Originally published in PPI Europe. Pending indicates prices are not available at the time of publication. Final prices are published in the next Price Watch issue. The exception is European fluff price assessments, which follow the same publishing schedule as US pulp price assessments and are formally tied to the US fluff price assessment. Asia - Final prices are reported at the end of the month. 2. Effective January 2016, NBHK and SBHK were merged into a single assessment. See www.risi.com/PulpPriceChanges for details. 3. Spot prices are mid-point weighted averages for biweekly orders up to the publication date. Prices are net delivered with 0% discounts. 4. As of January 2020, NBSK net China reflects the last price assessment for NBSK from North America/Scandinavia CIF China (imports) as published in PPI Asia. As of mid-Feb 2020, Canadian NBSK was trading at \$575/tonne while European NBSK was trading at \$550/tonne. r = revised

Pixelle now No. 1 in specialties

»» continued from page 1

Expera Specialty Solutions in 2018, Domtar, and UPM Raflatac.

With annual sales at \$825 million in 2019, Pixelle's other two paper mills are in Chillicothe, OH, with 400,000 tons/yr of capacity, and Spring Grove, PA, with 330,000 tons/yr of capacity. Pixelle also operates a converting facility in Fremont, OH, and wood sourcing operations.

The Stevens Point mill has two paper machines with total capacity of 205,000 tons/yr while the Androscoggin/Jay mill has three paper machines with 450,000 tons/yr of capacity.

With the four specialty paper mills, Pixelle has leadership positions in many specialty grades, including food contact papers, high-speed inkjet papers, release liners, carbonless and forms, envelope paper, greeting cards, trade book paper, and playing cards, according to Hess.

The expansion in specialty paper by Pixelle took time and a corporate battle involving Verso and its largest shareholder.

Pixelle waited several months for Verso's shareholders to approve the sale. Verso and its main shareholder Atlas/Blue Wolf were in a dispute involving the two mills being sold to Pixelle, with Atlas/Blue Wolf arguing that the deal was underpriced, especially related to the "crown jewel" Stevens Point mill.

"We were always focused on our process. Their (Verso and Atlas/Blue Wolf) battle had little

influence on us, and we are very pleased with how it turned out. We got two excellent specialty mills," Hess told Fastmarkets RISI's *PPI Pulp & Paper Week* in an interview on Feb. 12.

Mills integration. Hess said that the integration of Verso's mills with Pixelle's mill is well underway.

"We are consolidating our sales coverage, eliminating overlaps, overseeing services agreements, rolling out our operational excellence program, and are really focused on customers," he said.

The executive added that Verso's product lines fit well for Pixelle and the company should not do any big investments for now.

"We'll do only very target investments, but overall everything looks fine," Hess stated.

Hess said all four Pixelle paper mills are important and unique.

"The Stevens Point mill has the most capabilities from an assets point, and we are anxious of taking advantage of it; Chillicothe has our largest paper machine, the No. 12, named 'The Chief' and allows us to be cost competitive; and Spring Grove participates in niche markets," Hess said.

Containerboard production.

In 2018, Verso invested \$17 million to convert one of Androscoggin's paper machines to unbleached kraft linerboard, with output to be exported. Atlas/Blue Wolf criticized Verso for the conversion, because of global linerboard oversupply and declining containerboard prices in export markets. Verso said that "Without such a conversion, the Androscoggin

mill would have likely been shut down at a cost of \$55 million."

Questioned if Pixelle intends to keep the paper machine No. 3 at the Androscoggin mill making kraft linerboard, which market contacts have recently claimed has now switched so that its output is primarily sold domestically in the USA, Hess told *P&PW* that they are evaluating it right now.

"We'll take a decision certainly during this first quarter," Hess said.

The executive added that Pixelle definitely does not have plans to convert any other machines to containerboard.

"We want to focus on the specialty markets. We have leadership position in various markets and we want to keep it."

Outlook. According to Hess, among the specialty paper grades, the two most promising for Pixelle are food packaging and inkjet.

"That's because of where we are situated and also because of this megatrend on sustainability and the advantages of paper over plastic," he said.

Pixelle was created in 2018 by private investment firm Lindsay Goldberg from the acquisition of Glatfelter's specialty paper business.

Lindsay Goldberg owns other companies in the paper industry besides Pixelle that are focused in containerboard, kraft paper, and corrugated boxes: Golden West Packaging Group based in Sacramento, CA, and Crown

Paper Group in Port Townsend, WA, as well as Paccor Packaging Solutions in Germany.

According to Hess, "Pixelle does not have any relationship with those companies at this point."

Hess became Pixelle's president when the firm was formed. Prior to 2018, he was pres of Glatfelter's specialty paper business unit after advancing through assignments of progressive responsibility in technical, operations, sales and marketing, and general management. He joined Glatfelter in 1994.

"I grew up in the town of Spring Grove, Pennsylvania, which is the original town of Glatfelter. I started in the paper industry in 1994 and have been in the same business since then," Hess told *P&PW*.

Hess earned a Master of Science degree from the Institute of Paper Science and Technology and a Bachelor of Science degree from the United States Military Academy at West Point.

"I like to lead by example, I have high expectations from my people and provide feedback. I like to get input from all of my folks around me," he said.

New Verso. After the sale of the Androscoggin and Stevens Point mills, Verso now operates four paper mills with a combined capacity of two million tons/yr, making mostly graphic papers: Duluth, MN, Escanaba, MI, Quinnesec, MI, and Wisconsin Rapids, WI.

At Duluth, Verso is converting a printing paper machine to 90,000 tons/yr of recycled

containerboard and kraft paper production.

"We will now focus on the growth and enhancement of our pulp and packaging products as well as the specialty products produced at our remaining mills," said Verso pres Mike Weinhold.

Verso said it will promptly announce how it plans to use no less than \$225 million and up to \$282 million of the net cash proceeds from the transaction with Pixelle for the benefit of stockholders. Verso also plans to utilize a portion of the net cash proceeds in 2020 to reduce its remaining unfunded pension liability.

The company, with its new members on the board, were to meet on Feb. 13.

- **Pixelle** introduced the new Aspect 2.1-mil release liner, which supports both film and paper label facestocks for high-speed automated pressure sensitive material labeling applications, the company said. Aspect release liners are manu-

factured on Pixelle's A4 paper machine at its new Androscoggin mill in Jay, ME.

--by rmercante@fastmarkets.com

Supercalendered paper

WTO appellate group upholds the 2018 elimination of US duties levied on Canadian paper

An appellate group of the World Trade Organization (WTO) ruled against the USA on Feb. 6 over duties the US

had applied on Canadian supercalendered (SC) paper in a trade case settled in 2018.

The US Dept of Commerce (DOC) dropped countervailing duties (CVD) on SC imports from Canada on July 5, 2018. The decision was made retroactive to August 2015 when the duties were imposed following a petition filed by Verso and the former Madison Paper. The duties affected Canadian SC producers Port Hawkesbury Paper, Resolute Forest Products, Irving Paper and Catalyst Paper.

A WTO panel in July 2018 had largely backed Canada's claim, prompting the US appeal, with the issue being a US practice of asking Canadian exporters what forms of assistance they had received.

An official for a Canadian SC paper producer told Fastmarkets RISI's *PPI Pulp & Paper Week* in an email that the application of "adverse facts" by the DOC is important in ongoing and future trade remedy cases.

"This is an important victory with potentially long-term effects," the official said.

--by rmercante@fastmarkets.com

Thermal paper

Domtar to purchase Appvion POS business

Domtar moved to acquire Appvion's POS thermal paper business, which includes a coater and converting plant in West Carrollton, OH, and a large position in the US receipt paper business. Appvion has been one of the world's largest

thermal paper producers. The transaction is expected to close in the second quarter.

Along with the West Carrollton converting plant, the Domtar/Appvion asset purchase agreement also includes for Domtar, if the deal is closed, a license for all corresponding intellectual property related to Appvion's POS receipt paper business.

"The combination of Domtar's world-class paper-making capabilities with the West Carrollton coater's significant scale will make a globally competitive point of sale paper business and provide new options for our future growth," Domtar pres/CEO John Williams said in a release.

Domtar is North America's largest uncoated freesheet (UFS) paper producer by capacity and also has a large presence in specialty paper.

"Appvion and Domtar have enjoyed a strong mutually beneficial relationship over the last several years as part of our long term supply agreement," Appvion paper div pres Graeme Hodson said. "The West Carrollton asset sale builds on that relationship and provides an opportunity for our POS business employees to become a part of a large integrated pulp and paper producer with the capability to leverage the coating asset to its maximum potential."

Formerly Appleton Paper, Appvion in 2012 formed a partnership with Domtar as the former shut all paper machines at the West Carrollton mill, and arranged a 15-year and \$3 billion thermal base paper supply with Domtar. Domtar converted its Marlboro mill machine in

South Carolina from UFS paper production to lightweight thermal base paper output.

Appvion said it will continue its focus and development efforts on its broad range of products in the tag, label and entertainment markets, the carbonless and specialty paper markets, as well as its newly-formed packaging and specialty coating div. Appvion operates a paper mill in Pennsylvania and one or two converting plants in Wisconsin.

Specialty paper

Koehler buys Beaver Paper & Graphic Media in the USA

Koehler Paper acquired sublimation media manufacturer Beaver Paper & Graphic Media, which is headquartered in Atlanta. In 2016, Koehler Paper Group acquired a minority interest in Beaver Paper that led to the final acquisition.

Beaver Paper & Graphic Media sells its TexPrint sublimation paper, ProTex tissue and TexStyles graphic fabrics to the dye sublimation and digital print industry, the companies said. Beaver Paper & Graphic Media operates distribution facilities in Los Angeles, Willstätt, Germany, and Zaandam, Netherlands.

"This acquisition represents an amazing opportunity to pool the expertise of two global leaders in their sector of the paper industry," said Koehler CEO Kai Furler. "With our combined knowledge base and industry reach we can help increase Beaver Paper's efforts to develop consistent, quality

products creating a superior portfolio of sublimation media."

Koehler is the second largest thermal paper producer in the world, based on a Fastmarkets RISI PPI Pulp & Paper Week estimate, and also makes other specialty paper. The company sells POS lightweight thermal paper into the US market.

Sublimation is a transfer printing method that allows a regular inkjet printer to print onto items that could not normally be fed through the printer such as textiles, T-shirts, metal sheets, ceramic tiles, mugs, cell phone covers etc., according to contacts, and the process uses special inks, special sublimation paper, and a heat press to bond the inks into the surface of the printed item.

Neenah selects new CEO

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during my 13 years here," O'Donnell said in a release. "I'm proud of what we've accomplished during this time, and optimistic about the future. Julie is an exceptional and proven leader, and I look forward to working with her to ensure a smooth transition and Neenah's continued success under her guidance."

Schertell would be the third woman CEO in the pulp and paper industry today at a company with \$1 billion in sales and she also is the second woman selected to a company's top post in the last three months. Stora Enso hired Annica Bresky on Dec. 1. Clearwater Paper's Linda Massman recently announced she would retire on Mar. 31. Yan Cheung is the

chairlady of Nine Dragons Paper, the second or third largest pulp and paper company in the world.

"As part of our ongoing CEO and key officer succession planning process, our Board of Directors has done considerable work over the past several years to ensure we effectively select John's successor as CEO and accomplish a successful transition. During her 12 years at Neenah, Julie Schertell has successfully led all major parts of our business, and we are very confident she is well-prepared and extremely qualified to lead Neenah in the years to come," said Neenah chairman Bill Cook, a former chairman and CEO of filtration systems management company Donaldson Co.

Schertell joined Neenah in 2008 and was VP of Sales and Marketing for the Fine Paper division through December 2010 and as president of the company's Fine Paper and Packaging business through September 2018.

G-P connection. Interestingly, Schertell before joining Neenah was at Georgia-Pacific (GP) for about 15 years, including in the consumer tissue products retail division, where she was VP of Sales Strategy from 2007-2008 and VP of Customer Solutions from 2003 through to 2007. O'Donnell before joining Neenah also was at GP, as president of consumer tissue products North American Retail Business.

O'Donnell became Neenah's CEO in 2011. Under his leadership the last nine years, Neenah grew company revenue by 48.6% and adjusted operating income by 43%, from 2011 to 2018. The 2018 revenue was \$1.035 billion, which was the first time Neenah generated at least \$1 billion in revenue in a year. The

2018 adjusted operating income was almost \$85 million. Neenah reports full-year and fourth-quarter 2019 earnings next week. Through three quarters this year, Neenah's revenue was tracking to come in just under \$1 billion or around \$975 million for 2019.

Under O'Donnell, Neenah acquired some Wausau Paper premium fine paper brands in 2012, purchased the premium paper business of Southworth Co. in 2013, acquired Crane Technical Materials from Crane & Co. in 2014, acquired FiberMark in 2015, acquired Netherlands-based Coldenhove in 2017, and converted an uncoated paper machine in Wisconsin in 2018 to produce paper for filtration products including for transportation-related uses.

"All of us on the Neenah Board greatly appreciate John's leadership as our CEO over the past nine years, and we congratulate him on both his many successes and his upcoming retirement," Cook said. "During this period, John and his team have grown Neenah's top line by more than 5% annually while strategically shifting our business mix towards Technical Products, helping to make Neenah a dramatically stronger company today and very well-positioned for the future. At the same time, shareholder value was increased by almost 20% annually, more than double the rate of the Russell 2000."

Neenah's key markets today include advanced filtration media, specialized performance substrates used for digital transfer, tape and abrasive backings, labels and other products, and premium printing and packaging papers.

--by grudder@fastmarkets.com

Transportation

Protest blockades over BC gas pipeline cause CN to shut large parts of its rail network

CN said this week that it will be forced to shut down significant parts of its Canadian railroad network "imminently" unless blockades in opposition to a gas pipeline in British Columbia are removed. CN is the largest forest products rail shipper in North America.

Press reports Feb. 13 said the disruptions are costing wood, and pulp and paper producers in British Columbia "tens of millions" of dollars.

CN said that blockades near Belleville, ON, on its only eastern link between Western Canada and Eastern Canada, and between Eastern Canada and the US Midwest, and on CN's northern mainline in BC between Prince George and Prince Rupert, "are impacting all Canadians' ability to move goods and enable trade." There was no movement of any trains, freight or passenger, at both those locations, CN said on Feb. 11.

Hundreds of trains have been canceled since the blockades began five days earlier.

"... Natural resources creating rural jobs across Canada such as lumber, aluminum, coal and propane; all of these commodities are already impacted and will see their movements even more diminished," the company added.

CN was impacted by an eight-day Teamsters strike in November that drove down Canadian forest products rail freight by more than 30%.

Total Canadian rail carloads were down 2% year-to-date on Feb. 8 from a year ago, with forest products down 7.6% and coal 26.9% lower, the Assn of American Railroads reported.

With a slowing forest industry, CN reported its total forest products rail freight was down 7.4% in the week ending Feb. 2, from last week, and before the blockades began. Total merchandise freight was down 5.7% week to week.

"Canada's forest products sector generates over \$73 billion in annual economic activity, ships to 180 countries around the world, and is responsible for 10% of the total tonnage moved along Canada's railway lines," stated Forest Products Assn of Canada pres/CEO Derek Nighbor. "The disruptions we are seeing across the rail system – many of them unlawful – are impacting our ability to get raw materials to our facilities and to deliver to our customers," he added.

--by jmclaren@fastmarkets.com

IP plans fluff pulp price hike

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Fastmarkets RISI's *PPI Pulp & Paper Week* polling. Southern bleached softwood kraft (SBSK), riding the coattails from last month's \$20 spot market increase, rose \$10-30 to \$1,015-1,035/tonne.

Some producers, spooked by the impact China's coronavirus outbreak would have on global markets, apparently

COVERAGE NOTE: BURLINGTON, MA, Feb. 11, 2020 (Fastmarkets RISI) – Following market consultation and as previously announced, Fastmarkets RISI has made the following changes to its China pulp assessments in *PPI Pulp & Paper Week* and *World Pulp Monthly* Table 5.

- The previous effective list and net price assessments for North American exports of NBSK CIF China, published in *PPI Pulp & Paper Week* and *World Pulp Monthly* Table 5 (price IDs 699 and 12162), have been discontinued;
- These have been replaced with net price assessments for NBSK from North America and Scandinavia, as published in *PPI Asia* (price ID 1218);
- *World Pulp Monthly* forecasts of NBSK CIF China are also now based on these price assessments;
- *World Pulp Monthly* has also switched to using *PPI Asia*'s price assessments for Bleached Eucalyptus Kraft and Radiata Pine CIF China (price IDs 1217 and 1226) in Table 5 and in forecast data.

The move forms part of a wider rationalization of Fastmarkets' China pulp assessments. As of Jan. 1, 2020, *PPI Asia* will be the source of all China pulp assessments in WPM Table 5 and *PPI Pulp & Paper Week*.

Fastmarkets RISI held a consultation on moving to net price assessments in April 2019. This was followed in September 2019 with a consultation on the move to using *PPI Asia* assessments in all publications. During this consultation, no negative written feedback was received. Based on this, we announced our decision to proceed with the proposals at the end of September 2019.

Regarding the NBSK price assessments, Fastmarkets RISI acknowledges that Canadian NBSK generally commands a premium over European NBSK. We will include a footnote in *PPI Pulp & Paper Week* and *World Pulp Monthly* Table 5 indicating the current trading levels of Canadian and Scandinavian NBSK respectively. We will review this footnote regularly.

Fastmarkets RISI has prepared a list of Frequently Asked Questions (FAQs) to guide customers through the rationalization of China pulp assessments. To view the FAQs, please see [here](#).

For comments or queries, please email pricing.risi@fastmarkets.com, mentioning "Rationalization China Pulp" in the subject line of the email. Customers can also contact us at this email address to get historical price comparisons.

For more information on Fastmarkets RISI's methodology for global pulp, please see [here](#).

For other Fastmarkets RISI coverage notes, please see [here](#).

soft-pedaled, implementing higher prices with customers in the USA. However, that

hasn't discouraged producers from trying to lift up regular contract prices out of a need to shore up their firms' poor financial results after a 2019 that sank profit margins to unsustainably low levels.

PIX - pulp indexes - February 11, 2020

NBSK-US Net Change (Jan 2016 = 100.00) January 2020: 107.35 (-4.99)

"Coronavirus took a little wind out of the market. But that's not stopped us from getting (an increase) with customers," said an NBSK producer contact. "Everyone's pulp results absolutely suck right now. They're horrible. Pulp suppliers can't live there for very long. We can't get a hike because we need one. The market fundamentals have to be there. But, at the end of day, suppliers need this price increase to go through."

Supply fundamentals justifying higher prices include the indefinite closure of Northern Pulp's 280,000 tonnes/yr NBSK mill in Nova Scotia, expectations that global BSK inventories will finally decline to a more balanced level, and a Finnish labor strike that shuttered Finland's pulp and paper mills, crimping about 200,000 tonnes of market output – about 80% of which is NBSK.

Buyer: 'I don't see it.' Buyers countered that this month's hike came too soon, with February a seasonally weaker month of demand, producer inventories still unusually high, and the post Chinese Lunar New Year (CNY) holiday even slower than usual due to the coronavirus outbreak. Those sources said that the \$10-20/tonne higher offer prices in NBSK spot markets in late January dried up, while producers weren't pressuring them to take higher contract prices.

"I just don't see it. Global demand would be jumping back up to warrant that severe a price increase," said a US buyer contact regarding this month's \$40/tonne hike. "In my opinion, they just announced it in hope that it sticks. It's not a supply/demand thing. Normally you increase

price if there's a lot of demand and people are willing to take that price. Did I accept it? No."

IP back-to-back fluff hike.

International Paper (IP) announced to customers in three continents that it will increase prices on fluff pulp, effective Mar. 1, industry contacts told *P&PW*, marking the firm's second price hike announcement in recent weeks. IP told North American and European customers its fluff pulp prices would increase \$40/tonne beginning on Mar. 1, sources said. In China, IP announced a \$20 fluff hike.

IP's latest price hike announcement – the first worldwide in any grade of pulp for March business – came just weeks after it slated a \$40 price increase on fluff pulp, NBSK and SBSK, effective Feb. 1 in North America and Europe. IP didn't state its list or net prices in any market, but IP will essentially begin pushing an \$80/tonne fluff price increase attempt over the course of two months on top of the \$40 increase in NBSK and SBSK. This month's fluff price increase in the US and Europe is essentially stalled at halfway, with preliminary effective list prices flat to up \$30, according to *P&PW* polling.

US spot markets flat. In US spot markets, prices held unchanged on moderate volumes just weeks after SBSK had surged \$20. US NBSK spot prices meantime have trended flat throughout this year, with no signs of a pricing bounce to help fortify producers' attempts at raising list prices. Two weeks ago, producer sources expected to boost mid-month spot prices by \$10-20, and some even began looking

at March order books in hopes of landing higher prices yet.

Buyers mostly brushed off the higher offer prices, thinking they'd receive lower-priced deals if they waited two weeks as fallout from the coronavirus would lead to a shipment logjam that might bring a flood of spot NBSK that normally would have gone to China. The stalemate left US NBSK spot prices at \$610-640 net delivered, in *P&PW* polling through Feb. 14.

China orders resume. While a shipment and logistics nightmare is expected on pulp sold on the international market to China, producer sources said this week that orders have resumed as China's traders and direct buyers resumed work from their homes on Feb. 10. As for a much-worried about cancellation of orders made prior to the CNY holiday, those sources said it's not occurring.

"The big question is what's happened with coronavirus. This is not the way we wanted to start after the break. It definitely put a damper on the mood (but) China will get through this," said a contact at an NBSK producer that exports to China. "The biggest impact we're seeing is not a disruption of orders. February orders came in. We do know there are bottlenecks at ports, and banks didn't open until Monday, so we're watching LCs (letters of credit) to make sure they come in. We keep in close contact with our customers. We're very fortunate we've not had any cancellations."

Some Chinese contacts recently reported canceling their orders, with some trying to terminate orders before they received their LCs (*P&PW*, Feb. 7, p. 1). This

week, sources said that while it may have occurred in some cases, those were limited to spot market buyers who don't have long-term supply contracts.

However, a Chinese source said this week that the pulp and paper mills in the Hubei province – where paper and board production totaled 4.16 million tonnes in 2019 – needed a “special permit” to restart their idle mills. Wuhan is located in Hubei province, and Wuhan is where the coronavirus first began. That would essentially snuff out fresh pulp demand locally. Meantime, RISI's *PPI Asia* reported the province's paper industry will remain closed at least until Feb. 21.

- Producer sources in Canada this week said their pulp shipments were difficult to move into US markets because **CN** shut down parts of its Canadian rail network on pipeline opposition blockades (see story, p. 7). “Hundreds of trains have been canceled since the blockades began five days ago,” said CN in a statement on Feb. 11. “The impact is also being felt beyond Canada's borders and is harming the country's reputation as a stable and viable supply chain partner.”

- **Metsä Fibre**, which announced force majeure on Jan. 27 when Finland's pulp and paper mill strikes began, canceled the declaration within a day after the mill leaders reached a new collective agreement on Feb. 10. Metsä Fibre said initially that for its operations, a two-week strike would mean the curtailment of 140,000 tonnes of pulp production. Across the country, an industry analyst had estimated

200,000 tonnes of market pulp output in total would be lost.

--by bryan.smith@fastmarkets.com

Recovered paper

ISRI to consider two new specs for inbound US recycling streams

The board of directors at the Institute of Scrap Recycling Industries (ISRI) will consider in the next week adding two new US scrap specifications to its Scrap Specifications Circular in an effort to help material recovery facilities (MRFs) and municipalities be on the same page when trading recyclable materials from residential single and dual-stream collection programs. The inbound dual-stream specs are intended to ensure the separation of recovered paper from other recyclables at the collection point.

ISRI's board will vote at its Feb. 20 winter meeting in Nashville next week whether to add an Inbound Residential Single Stream Specification and an Inbound Residential Dual Stream Specification for recyclable materials, including plastics, metals, glass, and various recovered paper grades, from old newspapers and sorted office paper to old corrugated containers (OCC) and old magazines.

The two specifications are similar except in their descriptions. Both require all recyclable materials to be clean, loose, and dry, and unbagged as well as no contamination permitted “unless specifically agreed to in writing between buyer and seller.” Both consider the following

contamination for recovered paper: shredded paper; containers coated with wax, plastic or other materials; wallpaper; material with excess grease; and material with excess food residue or other organic material.

Yet, the dual-stream spec highlights the need for a separate collection bin for paper and containers, described as written: “A commodity mix of certain materials placed in specifically designated receptacles to be left at a drop-off point outside the residence resulting from dual stream collection systems that separate bins, or carts for paper and containers and/or collected in separate compartments on one or more trucks.”

Single-stream specs are described as: “A commodity mix of certain materials placed in specifically designated receptacles to be left at a drop-off point outside their residence.”

ISRI said the purpose of the specifications is to give MRFs and municipalities “a common vernacular to negotiate the items that comprise the material stream derived from” curbside collection programs.

\$30/ton recycling. The quality of recovered paper has been front and center as demand has plummeted in the last year and supply swelled for most grades in the USA throughout 2019. This pulled down pricing for every recovered paper grade in the USA, with OCC pricing falling to historic lows, and mixed paper pricing mostly in the red on the domestic market. At the same time, China has implemented strong measures the last two years banning or restricting low-quality tons and

other export markets have set contamination limits as well.

This has pushed higher costs on US curbside programs "that act as the frontline for material recovery in the U.S.," according to a report released this week by The Recycling Partnership.

In the 2020 State of Curbside Recycling Report, a ton of recyclables in October 2019 was worth \$30, a number that has shrunk from the \$90/ton in July 2017, according to the report. Additionally, 54 US curbside programs have been shut down in recent years, citing increased costs and decreased demand. Others have reduced their material collection lists or raised recycling fees.

"With little relief in sight, economic pressures on local programs will continue to be a major issue in maintaining and expanding curbside recycling service in the US," according to the report.

Mixed paper has been landfilled for a few years in the USA, after China banned it at the start of 2018, and OCC was landfilled last year as well. One large mill contact said his company's consumption of mixed paper was down 5% in January. Even so, mixed paper consumption overall by US mills last year increased by almost 200,000 tons to 4.066 million tons, from the total in 2018. However, recent figures from the American Forest & Paper Association show that US mills decreased total recovered paper consumption by 2.5% and 789,600 tons in 2019, vs 2018, and stock at mills at yearend was down to 665,400 tons, off 10.2% and 75,400 tons from the

yearend 2018 total. US export shipments of US recovered paper last year were down by more than two million tons, vs 2018's total.

Contacts have told Fastmarkets RISI's *PPI Pulp & Paper Week* in the last two years of their efforts to increase consumption of these grades, with such low pricing and high supply, they see potential. From molded pulp products to recycled pulp, mixed paper isn't going away.

With an intention to help mills, MRFs and municipalities to talk and trade easier, RISI's new specs could help to clean up this quality concern, contacts said.

One mill source this week described how working with their local municipality has helped to gather ideas for future paper products using mixed paper.

"There's a lot of interest in finding solutions to reuse this fiber and we hope to be part of those solutions," the mill contact said. "We're having discussions with our government authority as well because that's the other piece, you have to bring in the municipalities. Everybody wants to find a solution for that and they require investments. There's a lot of work to be done. It's an exciting time in the market."

ISRI's two new specifications were previously approved by its group's plastics div in September 2019, and its MRF committee in July 2019. Next week the full board will decide to adopt, amend, or reject the recommendations, and there will be an open comment period for 30 days following the board's Feb. 20 vote.

--by mworkman@fastmarkets.com

Recovered paper

With China issues, WM pivots to sell much more of its recyclables in the USA

In just under three years, Waste Management (WM), the largest US generator of recovered paper, has increased its domestic sales of recyclables by nearly 30%, with 81.5% of its domestic volume share reported so far into this year, up from 62.9% in 2017 -- in a move the company's head of recycling told Fastmarkets RISI's *PPI Pulp & Paper Week* this week will continue to make going forward in anticipation of additional US paper mill capacity. This is a hike from 2019, when 77% of WM's volume was sold on the domestic market, and up from 68% in 2018, according to WM data provided this week to *P&PW*.

WM VP of Recycling Brent Bell said: "The percentage of export declined as we moved more domestic, and will continue to do so as more US mill capacity opens up. We have moved fiber into other markets as China has continued to decline (in demand), and (WM) will continue to look for sustainable markets for mixed paper and OCC (old corrugated containers)."

In 2019, WM's Material Recovery Facility (MRF) volumes of both mixed paper and OCC increased, Bell said. Exact numbers were not provided.

Additionally, the US's biggest waste management company has seen contamination rates drop to around 20% compared with 25% in 2018.

"Education programs such as Recycle Right have helped,

along with our efforts in taking pictures and notifying customers of specific contaminants that do not belong in the bin," Bell said.

Headwinds: market prices.

Despite this increase in domestic volume sales, the company reported a significant decline in recycled commodities' market prices, leading to a \$104 million year-over-year decline in revenue from WM's recycling line of business in fourth-quarter 2019. For the full year, recycling commodity revenue declined \$318 million.

"Yet, the business generated operating EBITDA comparable to 2018 as we were able to offset virtually all of the impact of commodity decline with an increase in fees," WM COO John Morris said during an earnings call with analysts this week.

WM's blended average commodity price slipped 43% year-over-year in fourth quarter 2019, to \$37/ton. It was \$44/ton for the year.

Morris said for 2020, "given the expected lower commodity price levels in the current environment," the company expects "minimal impact on overall results from recycling with headwinds in the first half of the year."

Morris added: "We plan to improve our overall residential line of business and operating costs with a focus on labor, technology to help improve routing, and maintenance service delivery optimization focused on repairs and maintenance costs."

Chicago MRF set for April.

The company has invested in a "MRF of the future" in Chicago where robotics, including those

manufactured by AMP Robotics, as well as optical sorting technology, are in full force, and is still testing material today. Bell told *P&PW* the anticipated opening is set for April 2020. The company noted in its earnings call this week that it expects the advanced MRF to be fully operational by the second quarter.

Bell said: "It's WM's largest investment in residential recycling and most efficient operation we have from a labor and quality perspective."

"This plant is designed to be capable of generating high-quality material with technology through positive and intelligent sorting to generate the end product our customers require," Morris said on the call.

US recovered paper exports December 2019

(tonnes)

Grade	December 2019		% chg. month ago	Jan.-Dec. 2019		% chg. year ago
	\$	Tonnes		\$	Tonnes	
Corrugated	\$79,543,747	660,709	-7.3%	\$1,404,448,496	9,657,607	-15.0%
Mixed	25,503,726	183,142	-4.5	369,616,294	2,436,510	-7.9
Pulp	19,978,166	76,347	-10.2	245,960,490	1,058,191	-5.7
substitutes						
News	25,589,228	140,540	44.7	422,631,104	2,250,688	-22.1
Deinking high grades	14,859,161	70,412	-15.8	255,518,175	1,063,863	2.7
Total	\$165,474,028	1,131,150	-3.3%	\$2,698,174,559	16,466,859	-13.6%
Major Destinations			Pulp			
Dec. 2019	News	Deinking	Substitutes	Corrugated	Mixed	Total
China/Hong Kong	58,059	24	2,478	220,825	8,133	289,519
India	3,972	7,695	30,548	81,762	96,084	220,061
Mexico	5,976	43,605	9,916	8,030	5,183	72,710
South Korea	21,735	778	524	55,641	17,278	95,956
Canada	10,069	4,279	4,918	26,071	11,661	56,998
Thailand	23,006	596	259	23,453	6,571	53,885
Indonesia	878	538	0	2,583	315	4,314
Taiwan	4,945	380	0	66,034	5,481	76,840
Italy	344	1,410	1,278	1,730	540	5,302
Vietnam	3,652	1,728	0	107,528	1,452	114,360
Total	132,636	61,033	49,921	593,657	152,698	989,945

n.a.=not available. Source: US Dept of Commerce, Bureau of Census.

In third-quarter 2019, WM CEO Jim Fish referred to its restructuring of fee-based contracts as well as investments in technology as steps the company is taking to “transform the recycling business.” These moves, he said, “will insulate the business from commodity price swings and we’re starting to see results.”

Fast-forward one quarter and the restructuring of its municipal contracts to a fee-for-service model continues to be one way WM is “improving profitability” in its residential line of business, Morris said.

WM volumes to China plunge.

As its domestic volume share has increased, WM’s movement of recyclable materials to China has plunged. WM’s trend is much like most US exporters, as China has issued fewer import licenses for recovered fiber the last two years – including down 42%, at 3.21 million tonnes, so far this year from one year ago (*P&PW*, Feb. 7, p. 8) – among other efforts, including increasing its domestic collections and issuing import restrictions on certain grades of scrap, most notably a ban mixed paper since the start of 2018.

To China, WM’s export volume fell by 93% so far this year, to a 2% share overall, from the 27.2% share volume it shipped to China in 2017. WM exported 8% of its recyclables volume to China in 2019, and 5% in 2018.

Since 2017, WM’s export volume to Mexico has hovered around 3%, topping 3.3% in 2017, and dipping last year to 2.5%; to Europe its export volume has been around 1%, slipping to 0.8% in 2017, its lowest point in the last three years, and topping 1.6% in 2018

(it was 1% in 2019, and 1% so far in 2020); to Southeast Asia, export volume surged from 1% in 2017 to 6.6% in 2018, and this fell nearly in half the next year in 2019 to 3.8%, and is at 4% so far this year; to India and the Middle East, it was at 4.9% in 2017, up to 7% in 2018, 7.5% in 2019, and 7% in 2020; to South America 0.3%, and increased to 1.5% for 2020.

While 2019 saw more import restrictions, from India and Indonesia, keeping materials domestic will be a focus for WM.

“2020 will be an interesting year,” Bell told *P&PW*. “New capacity is expected to come online and we will see how that impacts prices.”

US recycled containerboard capacity is to grow by 3.06 million tons from mid-2019 through mid-2022, based on announced projects by 10 companies.

Bell said another focus is on brands and businesses that use recycled content. From corrugated boxes on the recovered paper side, to carpet and uniforms, WM plans to focus attention in these segments with their raw material.

“We feel strongly that pushing the demand side ... will help create the demand we need for these materials,” Bell said.

--by mworkman@fastmarkets.com

Kraft linerboard

US/China trade war blamed for delaying Sun Bio Arkansas mill project; mill site put up for sale

Land for a planned Chinese kraft linerboard mill in south-

central Arkansas has been put up for sale by a local economic development group.

Sun Paper’s Sun Bio Material wanted a site in the Gum Springs area near Arkadelphia for a massive kraft linerboard mill that would include two machines, including one that would be the largest in North America. The company last year received a state environmental permit for the project, but delayed the project in September citing the US/China trade war (*P&PW*, Sept. 27, p. 2).

Now, this week, the Arkadelphia Regional Economic Development Alliance announced it was preparing to market a 1,000-acre industrial property described as the “former Sun Bio site.”

Arkansas officials stopped short of saying that Sun Bio project was dead “but it’s not good,” alliance pres/CEO Stephen Bell said, in a report by *Arkansas Business*.

Sun Paper executives were informed of the new marketing plans several months ago, Bell told *Arkansas Business*, and asked that the alliance not look for a new tenant until after January in hopes that a trade agreement could be reached. A full trade agreement was not reached, but a phase-one deal was reached last month. The phase-one deal did not eliminate trade tariffs.

The alliance owns the property and is working for it to be certified by Entergy Arkansas. If so, the property would be ready for development.

One contact involved in the Sun Bio project said this week that a “combination of items have caused them to pause:

the relationship between US and China, tariffs effecting mill equipment (that) potentially (could) cause a significant increase in capital required, and a potential tariff on mill product exported to China."

"My opinion is the local government officials are preparing a plan B if the Sun project is definitely canceled," the contact added.

Sun Bio Material's plans with the state of Arkansas are for a 1.58-million-tons/yr \$1.8 billion unbleached kraft linerboard mill. A 1.58 million tons/yr mill by itself would add about 3% to today North America's containerboard capacity.

At an alliance meeting at mid-week, Bell said: "We're not ruling out the Sun Paper project, but clearly there's not going to be anything happening this year and probably not anytime soon into 2021 because they would have to have a trade agreement."

"Our organization exists to recruit industry to Clark County and ... we thought it was prudent to market the site rather than simply waiting to hope that the trade dispute gets resolved in the near future," Bell said.

- **Port Townsend Paper** and the city of Port Townsend reached a six-month extension to an agreement related to water quality in the city's Olympic Gravity Water System, local media in Washington reported. Port Townsend Paper and the city will continue negotiations, with their contract to expire on Sept. 15. The lease agreement now allows the Port Townsend containerboard, kraft paper, and

pulp mill to use the water it needs except for what the city requires for drinking requirements. Port Townsend pulls water from the Big and Little Quilcene rivers through City Lake and Lords Lake to the city's wastewater treatment plant. Last year, then City Mgr David Timmons said there would be a need for a rate and fee structure for both the city and the mill to share the cost and maintenance of the system. "What was allowed 50 years ago is not allowed today," Timmons said in March 2019.

--by grudder@fastmarkets.com

US KLB price to Mexico holds

»» continued from page 2

more than \$200/tonne in southern Europe and China, according to *P&PW*'s price survey. If US kraft linerboard prices increased in any of the US's main export destinations next month, it would be the first increase in 1 1/2 years, based on *P&PW*'s survey.

- Mexico's **Bio-Pappel** said this week that it increased its share in **US Corrugated** to 80% from 55%. Bio-Pappel's US business **McKinley Paper** first purchased the 55% stake last summer. The company increased the share as it continues startup plans for two converted groundwood paper machines in Port Angeles, WA. The company was to first start a recycled kraft paper machine followed by a second one that is larger and is to make recycled containerboard. Contacts have claimed that the two PMs would both operate by the end of March. The first machine was being readied for startup at

the end of January. McKinley Paper also runs a recycled containerboard mill in Prewitt, NM, so that it expects at the two mills to operate about 500,000 tons/yr of US containerboard capacity. With US Corrugated, McKinley Paper is focused on integrating its own board to the US Corrugated plants. US Corrugated is in the midst of starting up a new corrugated plant in Lebanon, IN. Bio-Pappel stated that with US Corrugated it has a "platform to produce 400,000 tons of sustainable packaging products while analyzing opportunities to further increase production capacity."

- **SCA** will increase its kraft linerboard price by Euro 50/tonne on deliveries in Europe from Mar. 1. There also as a claim that Stora Enso had a similar increase, a trader said this week. "We see strong demand and low European stock levels as the main reasons for the price increase," said SCA VP for sales and marketing of containerboard Mikael Frölander.

--by grudder@fastmarkets.com

News briefs

US manufacturing activity rebounded, up from 47.8% in December to 50.9% in January, starting 2020 off on a stronger note after declining for five straight months at the end of 2019, the Institute for Supply Management reported... New US legislation called the **Trillion Trees Act** was introduced this week by US Rep Bruce Westerman, R-AR. It calls for the planting of 1 trillion trees globally in the next 20 days by 2050. That amounts to an average of 33

billion trees planted per year. This is intended to "incentivize the use of wood products as carbon sequestration devices," according to the legislation, which was supported by **President Trump** and the **American Forest & Paper Association**. "Every day, countless billions of plant cells are pulling carbon from the atmosphere and permanently storing it in wood," Westerman said in a release. "That's why this legislation is so important. We're taking proven science and turning it into practical solutions. Not only are we setting an ambitious goal of planting 1 trillion new trees by 2050, but we're also reinvesting resources into managing forests and using wood products. ... We have an obligation to conserve our resources and make them available to future generations, and I challenge anyone to find a better climate solution than taking care of our forests." The act is based on a 2019 Swiss report that concluded that the planting of one trillion trees across the world could sequester 205 gigatonnes of carbon... **Georgia-Pacific (GP)** expects to complete installing a new tissue products building for converting lines at its mill in Muskogee, OK, the *Muskogee Phoenix* reported. The building replaces another one that was destroyed by fire in May 2019. "The building should be complete by May," G-P Savannah Public Affairs Mgr Carrie Thompson said. "We expect the first pieces of new equipment to arrive in May 2020, as well. We hope to return to supplying our customers from the Muskogee plant as soon as the new equipment is installed." G-P recently obtained a building permit for a \$500,000 construction project that will become the new converting area. This \$500,000 joins \$50

million in planned improvements to the mill over the next two years, the *Phoenix* reported... **Quad/Graphics** acquired Apple Tree Group, a strategic agency specializing in point-of-sale advertising innovation for some of the world's best-known brands, the companies said this week. "The acquisition strengthens Quad's one-of-a-kind integrated marketing solutions offering that helps brand owners and retailers reduce complexity, enhance process efficiencies and improve marketing spend effectiveness across all media channels," the companies said in their release. Apple Tree is based in Mexico City near Quad's established Mexico operations... **Xerox** will launch on Mar. 2 a \$24/share tender offer for of **HP**, the company said this week. Xerox said that it "has met, in some cases multiple times, with many of HP's largest stockholders. These stockholders consistently state that they want the enhanced returns, improved growth prospects and best-in-class human capital that

will result from a combination of Xerox and HP. The tender offer announced today will enable these stockholders to accept Xerox's compelling offer despite HP's consistent refusal to pursue the opportunity."... California-based **McClatchy** began a voluntary restructuring under Ch 11. McClatchy, which operates 29 daily newspapers in 14 states and has an average weekday circulation of 1.6 million and Sunday circulation of 2.4 million, will continue to operate in the "ordinary course of business as it pursues approval of (a) restructuring plan with its secured lenders, bondholders, and the Pension Benefit Guaranty Corporation (PBGC)," the company said... **Intertape Polymer Group** entered into a definitive agreement to acquire substantially all operating assets of Chicago-based **Nortech Packaging** for about \$36.5 million. Nortech manufactures, assembles, and services automated packaging machines under the Nortech Packaging and Tishma Technologies brands.

PPI Pulp & Paper Week

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