



7. It has been estimated that \$10 billion will be spent for projects in the pulp and paper industry in the next four years. It is significant to note that no new mills have been announced in 1984, and further, that the under-utilized paper machine capacity for all grades caused by the 1982 recession has not been eliminated by recovering demand. Therefore, the distribution of funded projects will be initially modernization of existing facilities and, after 1984, incremental expansions. The allocation of the spending will be \$2.2 billion in the pulping area, \$2 billion in the paper machine area, \$1.8 billion in power and utilities, \$1.8 billion in environmental controls, and the remainder in process controls. The markets for auxiliary equipment such as tanks, chests, pumps and agitators resulting from these anticipated projects will be considerable, and consist of at least sixty percent of the spending in some areas.
8. Several industry trends will affect spending in certain mill areas and by product type. Woodyards are being converted to process long-log pulpwood deliveries and to receive increasing amounts of residual produced chips. Existing pulping methods will be converted to low sulfur pulping systems or replaced with less environmentally sensitive systems. In all paper mill areas, there will be a trend towards higher consistency processing to reduce water consumption and treatment. The industry is attempting to convert manufacturing facilities to the highest return products. There will be conversions to printing paper and from kraft bag to linerboard as markets permit. Several corporations have already shut down portions of their newsprint operations.
9. Purchasing authority by individuals varies according to the size and complexity of the manufacturing facility and the type of product being purchased. Commodity items are normally purchased locally by the purchasing agent or department in all types of mills. The person having decision making authority for the purchase of specialty items such as capital equipment is dependent on the size and organization of the facility. In single machine mills, the manager has the sole purchasing authority. As the mill increases in size and complexity, the purchasing authority passes to department superintendents or managers. There are several industry directories available which identify the size of the facilities and also the names of the key personnel; the most complete directory is Lockwood's Directory of the Paper Industry and Allied Trades.  
  
There is an increasing trend for design/construct projects, in which case the purchasing department of the construction firm becomes the purchasing authority. Because the projects are bid competitively, low price and delivery are major factors.
10. The most significant product factor that affects purchasing decisions is reliability, followed closely by technical service capability. Paper mills traditionally operate twenty-four hours per day, seven days per week. This operating schedule, combined with the paper mill's high capital costs,