



REPORT G6879/1
MARKETING STUDY

DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA CANADA

MARKETING STUDY OF CANADIAN PULP AND
PAPER MILL MACHINERY AND EQUIPMENT
IN THE SOUTHEASTERN UNITED STATES

DATE 1 AUGUST 1984

SUMMARY

1. The Department of External Affairs, Ottawa, Canada commissioned Sandwell International Incorporated to conduct a marketing study of pulp and paper machinery and equipment in the southeastern United States.
2. The southeastern states, as a geographic area, comprise the major concentration of the pulp and paper industry. In the area there is a total of 165 pulp and/or paper mills. The states of Georgia and Alabama are leading producers of both wood pulp and paper, collectively producing 16% of all pulp and 20% of all paper manufactured in the United States.
3. The early pulp and paper industry in the Southeast was based, in general, on the southern pine species which are highly resinous and relatively long fibered. Hardwoods are now being utilized in increasing amounts as the costs of raw wood increase and volume of fine paper production accelerates. The industry continues to require specialized equipment to pulp and bleach the predominant pine species.
4. The variety of products manufactured in the Southeast includes market pulp, kraft bag and linerboard, corrugating medium, bristols, fine paper, food container stock, tissue, newsprint, and small amounts of several specialty grades. The most significant product in the study area by tonnage produced is bleached and unbleached kraft linerboard.
5. The age of the typical pulp and paper mill in the Southeast is a significant factor that influences equipment purchasing. Approximately fifty percent of the existing mills were constructed in the late 1950's when the kraft process was successfully modified to pulp southern pine species. Since that time new manufacturing facilities have been constructed at the average rate of three per year until the last two years, when economic conditions have dictated delay of further new construction. The earlier mills were constructed with less regard towards energy conservation or today's environmental standards that affect current paper mill design.
6. The costs of construction materials and labor have escalated to the level that facility size has necessarily increased to 1500-2000 TPD production in order to achieve an acceptable return on investment. The capital investment of \$800 million (U.S.) has deterred most corporations from new construction, and instead has favored modernization of existing facilities.