



# ACCA's 4th Management Committee Meeting (2013-2015)

InterContinental Shanghai, Pudong Hotel, Shanghai, CHINA 17th April 2015

Mr Simon Lo (HKCPMA) as Chairman of this ACCA's 4th Management Committee Meeting (2013-2015) gave a warm welcome to all participants present. He expressed his great appreciation to Reed Exhibitions, Mr Thomas Huang for hosting this ACCA meeting, and successfully organising the 2015 SinoCorrugated Show. He also remarked that Mr Frank Cheng (of Cheng Loong Corporation) as the sponsor of 2015 ICCA/WCO Global Summit had achieved in bringing the international ICCA Summit to Asia with activities organized in both Chinese Taipei and Shanghai, China.



## Chinese Taipei

Mr Sam Chen Chin Hsien (CTCCA) make the report on the market as follows :

### Economic Review

- Production 2.3 million tons
- Consumption 1.75 million tons
- Per capita consumption of container board 74,7 kkg (world no 5)
- GDP from 530 Billion USD in 2014 expected to growth to 536 US\$ in 2015 (3,8% growth). Export 314 US\$ billion while import 274 US\$ billions.

### Market Situation

- There are 85 paper mills in Taiwan with 4.2 million tons production,
- Container board 11 with 2,3 millions tons production
- Corrugated Plants 69 with 2,154 million m3 production
- The corrugated demand expected to increase to 2,235 tons in 2015

### End Users

- Food 18%
- Beverage 17%
- Paper 17%
- Agriculture 8%
- Electronic Appliance 8%
- Textiles Yarn 6%
- Chemical 6%
- Others 19%

### Corrugated Trend

With the rapid growing of online shopping, the demand of corrugated increase. Innovation, Efficiency & Low Cost is the Key to Success !



## Hong Kong

Mr. Wong Shiu (HKCPMA) reported Hong Kong's corrugated industry (south china). Total population 1.367 billion people, GDP 63,64 trillion CNY or 45,808 CNY per capita and real GDP growth 8.6%. Export 14,39 trillion CNY.

### Corrugated Packaging Market

#### Challenges :

Labour increasing too fast (over 17.8% average)

- Shenzhen increase from 1,808 to 2,030 CNY monthly
- Guangzhou increase from 1,550 to 1,895 CNY monthly
- Zhuhai increase from 1,310 to 1,510 CNY per month

CNY – HKD exchange rate still unstable

Facing domestic and overseas competition

The world branded productions are withdrawing from China

#### Opportunities :

- Focus on domestic market
- Accelerate the mechanization and automation
- On line shopping – in 2014 parcel express delivery gain more than CNY 206 Billion (43% more than 2013)

Paper Price	White Top Liner	Pulp Top Liner	Recycled Liner	Corrugating
	(USD/T)	(USD/T)	(USD/T)	Medium (USD/T)
March (2015)	565.5	559.1	462.7	488.4
Feb (2015)	565.5	559.1	462.7	488.4
Jan (2015)	565.5	559.1	462.7	488.4
Dec (2014)	565.5	559.1	456.2	475.5
Nov (2014)	565.5	559.1	456.2	488.4
Oct (2014)	565.5	552.6	449.8	482.0

### Corrugators Competition in China

East China – over 1600 corrugators, Guangdong over 800 corrugators

## Indonesia

Mr. Robert Tirtawigona (PICCI) was introduced as a new Committee Member of PICCI. He presented the update of Indonesia's economy and corrugated industry .

### Indonesia start the new Era with the new elected President Mr Joko Widodo.

- Development on infrastructures :
- New toll roads
- MRT systems
- Sea ports expansion

### ASEAN Economic Community (AEC)

Creating a single market and production base

Increasing competitiveness. Promoting equitable economic development Integrating ASEAN with the global economy

### Indonesia GDP growth higher than world growth

2011 6.49 (world 3,19%)  
2012 6,2 (world 3,1 %)  
2013 5.78 (world 2,9%)  
2014 6 .0 (world 3,7 %)  
2015 forecast 5.6%, while inflation 4,4%

### Corrugated Board Production

2013- 3.300.000 tons (6,6 billions sqm)

2014- 3,400.000 tons (6,8 billions sqm) - just 3% up

	Q4/2014	Q1/2015
Liner Medium	IDR 5 mio/Ton (USD 400/Ton)*	IDR 5 mio/Ton (USD 385/Ton)*
Test Liner	IDR 5.5 mio/Ton (USD 440/Ton)*	IDR 5.5 mio/Ton (USD 423/Ton)**
Domestic Waste Paper	IDR 2.6 mio/Ton (USD 208/Ton)*	IDR 2.35 mio/Ton (USD 180/Ton)**

\*Exchange Rate USD 1 = IDR 12.500

\*\* Exchange Rate USD 1 = IDR 13.000



## Malaysia

Mr Fong Weng Meng (MACCMA) presented the update of Malaysia's corrugated industry.

GDP is forecast at 4.7% in 2015 and 2016

- Private consumption
- Governments Spending

### Manufacturing index growth 5.9%

Major export products (Jan-Feb 2015). Total decrease 5%, while electrical & electronic increase 2.7% as well as manufacturing of

### Business impact on Corrugated Plants

The consumers Price Index accelerate above 3%

Inflationary pressure will continue to build up due to :

1. GST implementation in April 2015
2. Subsidy rationalization measures
  - a. Upward wages pressure due to minimum wages policy
  - b. Import inflation to due to weak RM
  - c. Higher cost on production especially on import paper

Private consumption is expected to grow at slower pace of 5.5% in 2015 compare to 6.5% 2014. GDP growth in 2015 forecast for 4.7% while 6% in 2014. Customer request cost down due to inflation pressure and additional working capital requirement due to GST.

### New capacity Domestic Paper Mill (2010/2011)

- Muda Paper Mill 150.000 tons
- Lekok Paper Mill 70.000 tons
- Pascorp Paper Mill 60.000 tons

With this investment within 2015 expected Malaysia only shortage 16% supply paper from Domestic.

In 2014 paper price quite stable until October 2014 – in November Top Liner start to increase from RM 1,918 to RM 1,983 and remain the same till February 2015. Follow by recycle liner in February increase from RM 1,627 to RM 1,657. While medium as well ncrease in February 2015 from RM 1,405 to RM 1,435. OCC price is up and down the whole time the higher price in September 2014 up to USD 520 for import and USD 503 for local then it drop to USD 480 in November 2014 stable up to February 2015 for the local while the import increase to USD 500 in Dec and drop again to USD 490 in Jan 2015. Mr Stanley Koo remarked that despite the local corrugated industry had already cost down in general, some customers are still asking for more cost discount.



## Singapore

Mr Phua Thye Hin (CBMA) presented the update of Singapore's corrugated industry. Economic Outlook. The GDP in 2015 projected for 2-4%. US\$ to S\$ between 1.2 - 1.4

### Domestic export of non oil

NODX fell unexpectedly sharp 9.7% year on year in February. The export to major trading partners fell sharply. The electric NODX up 5.5% in January but slipped 12.5% last month. The non-electronic NODX dropped 8.5% after 4.4% increase in January 2015.

### Domestic Re export of non oil

Commentary: On a y-o-y basis, Electronic NORX increased by 4.6% in Feb following 23.5% expansion in Jan 15. On a y-o-y basis, non-electronic NORX dropped by 3% in Feb 15 as compared to 2% up in Jan 15.

Market demand in Singapore is decreasing since 2010 to 2015, but expected to increase in 2016 up to 2018. Corrugated in Singapore mostly consume by Food (33%) and Beverage (24%) follow by electronic (20%).

## Thailand

Ms Varna Sudasna (TCG) presented the update of Thailand's corrugated industry. GDP growth in 2014 only 0.7% due to political turmoil 2015 GDP expected to pick up to 3 – 3.5%.

### Market Situation Q1 2015

Food stable while alcohol increase due to Songkran festival and green tea doing big promotion. Export of Frozen food also increase focus on high value products. Refrigerator and Aircondition increase to serve summer, while washing and drying mc slow down due to high stock. Copy mc increase production for export while TV production move to Vietnam.



Baby, feminine and family care such as diaper, etc doing promotion. Fabric and home care increase. Beauty & skin care less consumption, while Health and Oral Care crew for export.

**Trend & New Products**

- Economic Crisis/Packaging Cost down
- Holistic Design Thinking
- Light weight corrugated box / coating technology
- Digital Printing is coming up

**ACCA Work Plan for Years 2015/2016**

August 2015 ACCA Meeting and CMBA anniversary dinner .



Corrugated board and Design for Brand promotion by Digital Printing



Corrugated board and Design @ Cinema by Digital Printing

