



## MINUTES OF THE ACCA'S 4TH MANAGEMENT COMMITTEE MEETING (2015-2017)

Attended by 57 participants the meeting was held on the 10th April 2017 in Shanghai. Mr. Kinardo Ang as Chairman of this ACCA's 4th Management Committee Meeting (2015-2017) extended a very warm welcome to all participants present. He remarked that he was happy to see more than the usual number of participants at this meeting. He expressed his gratitude to Reed Exhibitions for hosting the Meeting and organising various activities including the celebration of ACCA's 20th Anniversary. Mr. Zhang Yaoquan (CPF) introduced Mr. Xu Xiaoguang, the MD of Xiamen Hexing Packaging Printing Co., Ltd and also a VP of CPF. It was agreed that the next ACCA meeting cum 2-day Summit at Xiamen would be held in the last week of September 2017.

### Country / Region Association Representatives Update CHINA

Mr. Zhang Yaoquan (CPF) made an enthusiastic presentation on China present day corrugated industry market. In 2016, the gross output value of packaging industry exceeded RMB 1.8 trillion, realizing a historic breakthrough of the industry. In 2016, China produced 10.9528

million tons of case boards, a year on year growth of 3.83%. In the same year, it produced 71.9028 million tons of paper products, a year on year growth of 3.06%. Among them, the output of corrugated cartons was 40.2758 tons, a year on year growth of 0.11%.

In 2016, the primary operating income of the manufacturing industry of paper and paperboard containers nationwide was RMB 358.006 billion, a year on year growth of 4.94% and 0.72% higher than the corresponding period in 2015 in terms of growth speed. In the same year, the profit of the manufacturing industry of paper and per board containers nationwide was RMB 19.321 Billion a year on year growth of 1.11%.

China  
Ministry of  
Industry and  
Information  
Technology and  
Ministry of  
Commerce of  
the PRC  
issue Direct  
Opinions on  
Accelerating



Mr. Zhang Yaoquan

the transformational development of China's Packaging Industry in last december will concentrate on solving problem on key technology so that can be competitive in the packaging industry. The whole industry should, for one thing, build an industrial technology innovation system centering on green, safe and intelligent packaging, and for another, form a green production system covering the whole life cycle of packaging with cleaner production and green development as its focus.

- Textile/yarn (5%)
- Chemical (6%)
- Electronic (7%)
- Agriculture (7%)
- Others (28%)

Even though Taiwan recovered paper about 80% and import less than 20% the price fluctuation was the same as what happened around the world. Look at the chart below. The highest were almost US\$ 280.

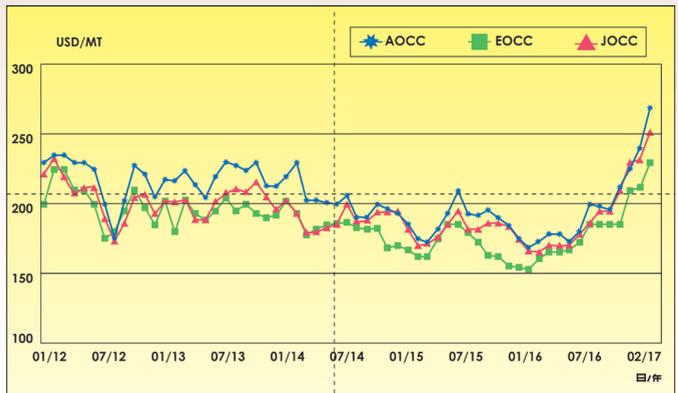
**CHINESE TAIPEI**

Mr. Sam Chen (CTCCA) presented the economic overview of Taipei.

**Economic Overview**

GDP down slightly in 2015 from 530.5 to 525.2 but increase again to 529.7 in 2016 and forecast to be 561.3 billion by end of 2017. Export and import similar to GDP down in 2015 compare to 2014 and flat to 2016 and expected to increase 2017.

While labour cost keep increasing the last 3 year from 2014



Taipei Chart

**Market Situation**

Demand for corrugated board keep decreasing 2127 (2015) to 2022 (2016) then 2086 (2016), the use of corrugated in Taipei is having almost similar variation.

- Food (17%)
- Beverage (15%)
- Paper (15%)

**HONG KONG**

Mr. Simon Lo (HKCPMA) presented on behalf of Mr. Larry Lai. Hong Kong GDP steadily growing to 680 billion US\$ growth 2.3% while China's GDP is rapidly growing to 11 trillion US\$ in 2017. The government aims to have growth of 6.75%.



## Paper Crisis

In November 2016, there was a severe shortage in China. Paper prices went up to 60% - 8%. Sheet prices went up 100%. Many carton box factories rejected orders. Big impact to market and customers.

## Reason behind "Paper Crisis"

The PRC government has in forced strict environmental laws on paper mills, forcing small paper mills to shut down, causing shortage of supply OCC prices go up; Coal prices to up Transportation costs go up: the bankruptcy of handing. A lot of insensible buying and selling. Paper price went up 50% in November and December, then drop last March. And there is upward trend again in April.

## MALAYSIA

Mr. Alex Soon (MACCMA) presented the update of Malaysia's corrugated industry. Economic outlook. Malaysia GDP expend 4.5% mainly supported by recount in exports and a faster increase in investment while private consumption remained robust while inflation at over 8 year high of 4.5% last February. Malaysia average monthly wages in manufacturing decrease to 3300.30 MYR/month.

Malaysia Corrugated supply and demand keep increasing since 2009 (see below chart). While Paper price keep increasing since last November as well.

## Corrugated Case Trend

- Advancement in Digital Printing Technology challenge flexographic printing
- New/upgraded machineries to increase capacity
- Increasingly pressure on rising raw material price
- Pressure from increasing labor cost
- Manpower issue
- Weak Ringing against US dollar

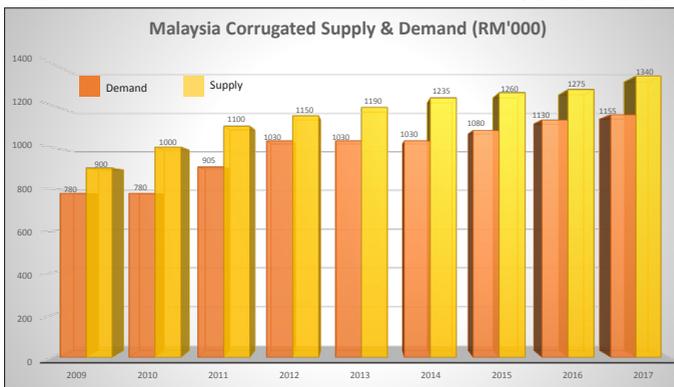
## INDONESIA

Mr. Jeffrey Tan (PICCI) presented the update of Indonesia's economy and its corrugated industry. Indonesia GDP down to 4.9% in 2014 from 5.6% in 2013. Up again to 5% in 2016 and this year forecast for 5.1%. On the other hand inflation down from 8.4% in 2014 to just 3% in 2016 though expected to growth to 4% within end of the year. Corrugated Production down since 2014 from 3.4 million ton become only 3.140.000 tons last year. Paper price increase tremendously since last December. This is the 2nd

phase increase as it happened as well earlier in 2016 as well.

## Industry news/trends

During 1st semester 2016 the CM and test liner increased 30-34% due to paper supply shortage. Starting

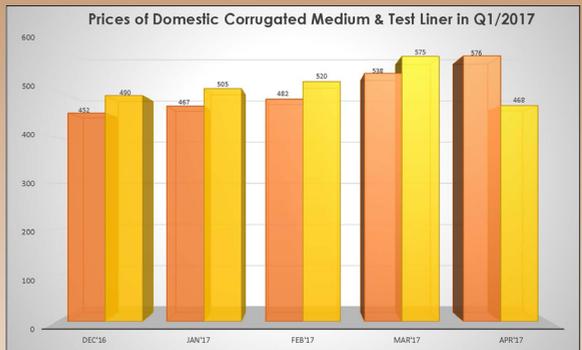


Malaysia Chart

Q4/2015 until Q1/2016, 3 paper mills closed down causing about 32.000 TPM paper supply disappeared. Big moslem festival in July 2016 created high demand of boxes two or three months earlier and combined with shortage of paper supply has made the corrugated selling price increase significantly. One of the biggest paper mill, PT. Fajar Surya Wisesa decided to go down stream by investing into corrugated plants to serve the big volume carton box customers. The plant schedule to comment production 1st semester 2017.

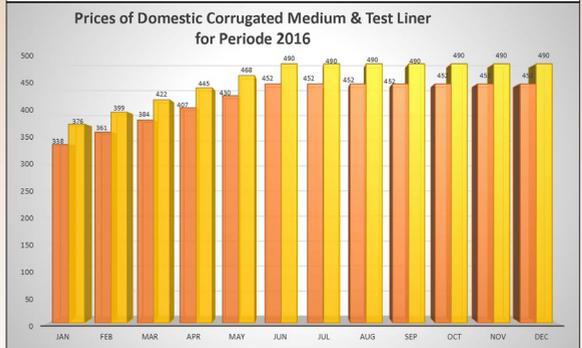
## SINGAPORE

Mr. William Kang (CBMA) inform us the Singapore GDP this year will grow about 2-3%. Singapore excellent infrastrure will continue to attract high value manufacturing to ride on recovery in US economy. MIT helps to promote Food industry (ready meal) for export. The 2 IR continue to boost good demand in F & B industry. Political also stable. The negative side government tightens the foreign worker supply further with more increase in foreign worker levy and reduce the number. These will have impact to local SME. Continue slowing down on China economy. European financial austerity measures will suppress demand and Brexit adds to the export woes and uncertainty "Trump" factor. Corrugated industry in Singapore consumed by Food (34%), Beverage (25%), Electronic (18%), Medical (11%) and others (12%). While there is a small contraction from total in 2016 of 88.500 tons to 86.000 tons in 2017 (forecast). US\$ to S\$ in January 2013 only 1.238 become 1.450 in Jan 2017 and down to 1,400 last March.



Note:

- Prices per MT in USD
  - Prices based on exchange rate 1 USD = IDR 13.300
- ↑ Corrugated Medium Increased 27%  
↑ Test Liner Increased 25%



Note:

- Prices per MT in USD
  - Prices based on exchange rate 1 USD = IDR 13.300
- ↑ Corrugated Medium Jan to June Increased 34%  
↑ Test Liner Jan to June Increased 30%

## Indonesia Chart

	350	1st H'15	2nd H'15	1st H'16	2nd H'16	Forecast 2017
Kraft		630	580	600	620	680
Medium		410	400	395	410	450
Test Liner		440	430	420	440	470
White Kraft		650	600	640	660	700
Kraft Top		540	530	520	520	560

## Singapore Chart

## THAILAND

Khun Varna (TCG) inform us that GDP growth about 2.7% and Thai economy in 2017 is facing key external risks that have been ongoing since last year include issues in the EU and US and will receive a boost from the recovery of domestic household spending. While later on the GDP growth will be 4% and the Thai economy will also benefit from the continued spending on infrastructure. Household incomes and public investment have been

recovered while export is expected to slowdown from global uncertainty.

### Trend and New Products

- Integrated Safety Concept and standard into working procedure
- Automation investment in order to increase productivity and improve quality
- (Increase running speed, shorter set up time, minimal man power)
- Packaging Solution for customers.

## THAILAND: INDUSTRY SITUATION H1/2017 & OUTLOOK H2/2017

### Food & Beverages

**H1/2017 ► Organic growth in domestic demand, while limited raw materials to serve export demand.** Peak demand of beverage and snack. Continued export growth for Frozen chicken and coconut water.

**H1/2017 ► Consumer confidence lifted as TH was upgraded to Tier2 WL**

**(+) Food:** Increasing export of chicken with +5% growth y-o-y. Key players focus on new product and pkg. development.

**(O/+) Beverage:** New products, sport marketing and innovative packaging designs help stimulate sales

**Challenges:** Shortfall of shrimp supply and pineapple/Drought situation

### Electrical Appliances

**H1/2017 ► Overall production is dropped as compared with the past,** followed by a relocation of production-base to lower wage countries. New-comer "Beko" already started its washing m/c line. Proceed cap. expansion for air conditioner.

**H1/2017 ► Keep being production-base for existing players**

**(+) Air Conditioner, Electrical Fan:** With affordable prices recently, domestic demand nourishes solid growth.

**(O/+) Washing m/c:** Higher production for export markets.

**Challenges:** Global economy esp.China.

### Consumer Products

**H1/2017 ► Aggressive promotional campaigns and E-Commerce sales channel** help boost domestic demand. Growth of diaper products is forecasted to 10-15% per year. Export situation slightly improved.

**H1/2017 ► Key players expand capacity in Thailand**

**(+) Skin/Hair Care:** Improved buying activities in export countries esp.Japan.

**(+) Diapers and Convenience Products:** Sales expansion to provincial areas.

**Challenges:** Household indebtedness and consumer confidence



**Dinner with all ACCA members**

After the meeting we have dinner with a nice food and entertainment. We have a fabulous dinner thanks to Dasong. It was such a nice and beautiful place which we enjoy with beautiful people, too. I love the friendship we have from all the ACCA members and thanks again to Dasong and Reed who has been nicely arrange the event.

**SCHEDULE OF CORRUGATED ASIA SUMMIT,  
26 SEPTEMBER 2017 IN XIAMEN**

**Session 1: Why Corrugated Packaging?-Global Packaging Industry Development & Innovation**

<b>Time</b> : 09.50-10.10	Keynote Address: Corrugated 2020
10.10-10.30	Innovation in Paper (Billerud...)
10.30-10.50	Safety & Environment in Corrugated Box Plant
10.50-11.10	Coffee Break

**Session 2: Industry 4.0 Concept, Smart Factory Standard & Requirement**

<b>Time</b> : 11.10-11.30	Corrugated 4.0
11.30-11.50	Challenges in Converting
11.50-12.10	Preprint: Beyond Analogue & Digital

**Session 3: Retail Packaging & What Will The Future Requirement**

<b>Time</b> : 13.30-13.50	Consumer's View On Corrugated 4.0 (Tesco, Nestle, P&G)
13.50-14.10	Printing Plate (Dupont or Flint...)
14.10-14.30	Die cut Plate (Marbach....)

**Session 4: Digital Printing & Carton Converting**

<b>Time</b> : 14.30-14.50	Fully Automation & Human Machine Interface (Bobst)
14.50-15.10	High Graphic Post Print Flexo
15.10-15.30	How Digital Changed Corrugated Industry (Durst, HP...)
15.30-17.00	Coffee Break & Table Top Visit