

# ACCA's 2nd Management Committee Meeting



9th April 2014  
Regal Palace Hotel, Dongguan, CHINA

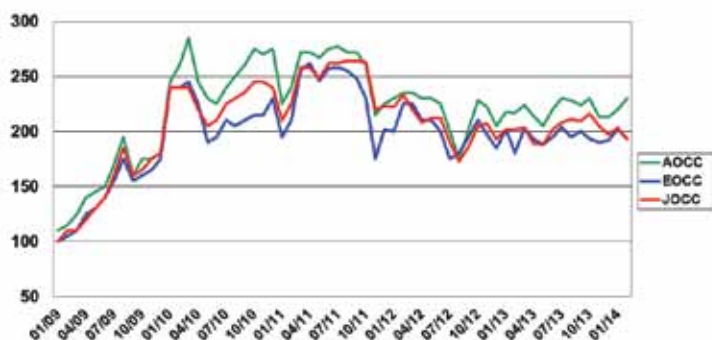
ACCA President, Mr Simon Lo (HKCPMA), as Chairman of this ACCA's 2nd extended a warm welcome to all participants present. He expressed his appreciation to Reed Exhibitions for hosting the meeting and organising the four days of ACCA activities which included a golf tournament and a factory visit.

## Country/Association Representatives Update of Their Local Corrugated Activities

### Chinese Taipei

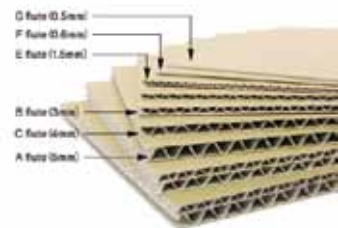
GDP in 2014 estimated to growth 2.82%.  
Total production of the corrugated industry in Indonesia 2.1 million tons, Total demand for recovery paper in 2014 (E) 3,846.000 tons.

AOCC/EOCC/JOCC Price Trend (2009.01~2014.02)



### Corrugated Case Trend & Innovation

1. Green packaging  
-Recyclable Renewable Sustainable
2. Clean Energy Production  
- Recycle Reuse Reduce
3. Light weighting
4. **Personalized corrugated**  
=> Value added  
Be found Be available Be attractive





## Hong Kong

GDP growth in 2014 estimated 3 - 4%

Challenges in the corrugated packaging market :  
 Labour cost increase (over 19%), paper price increase, while exchange rate unstable and the export market continue to be soft well (in February dropped to 1140, 94 USD hundred million from 2071,32 USD Hundred Million in January)

	White top liner(USD/T)	Pulp top liner(USD/T)	Recycled liner(USD/T)	Corrugating medium(USD/T)
Oct(2013)	599.5	541	421	477
Nov(2013)	599.5	548	427	483
Dec(2013)	599.5	554	432	490
Jan(2014)	599.5	567	442	503
Feb(2014)	599.5	574	447	509
Mar(2014)	606	580	452	515.6

### The opportunities

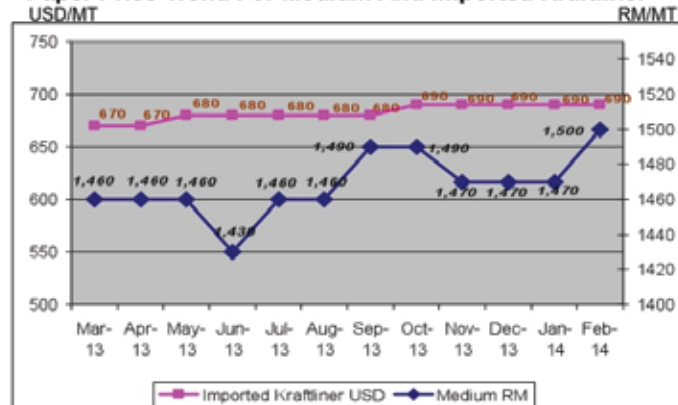
- Focus on domestic market (half of 1,4 billion still live in rural areas)
- Traditional box plants, especially old style management become obsolete
- The need for new products and design
  - o Product design to lower raw materials and production costs
  - o New Printing technologies
- Shift from labour intensive to automation to increase productivity

## Paper price

### India

Indian Corrugating Industry is growing at around 6% annually aligning with the GDP growth of overall economy. Total demand of corrugated case in your country (Ton/year or Sq m./year). Approx. 40 Lakhs tons per year Labour cost Rs. 6000/- per ton which is approx. USD 100 per ton

Paper Price Trend For Medium And Imported Kraftliner



Paper price report focus on White top liner, Pulp top liner, Recycled liner and Corrugating medium (USD/ton)

- WHITE TOP LINER USD 665
- RECYCLED LINER USD 550
- CORRUGATING MEDIUM USD 425
- OCC price (USD/ton) USD 225-230

The trend of large international player coming to Indian Corrugated market is likely to continue in the next few years. As MeadWestvaco Corporation (NYSE: MWV) and International paper are already in India.

### New product and service

Fruits & Vegetables as well as display boxes are in demand.

### Indonesia

Total production of the corrugated industry in Indonesia 3.3 million tons or 6.6 billion sqm. Last year

growth is 12%. Trend of the corrugated the same all over the world less weight, less energy, demand on automated machines to increase quality and less man power.

The paper price tends to increase since the beginning of 2014 and current market prices for test liner between US\$ 490 – US\$ 517 per ton, while medium about US\$ 450 per ton. Business dropped 15-20% in Quarter 1 2014 but expected to moving up in Q2,

## Malaysia

GDP growth forecast 4,8%  
Capacity in 2014 1,210.000 tons while demand only 1.030.000 tons  
Labour cost increase from US\$ 150 to US\$ 280 which fully imposed in 2014.

Many SME convertors invest their facilities with 3 or 4 colors Flexo printers. Some convertors upgrade with Corrugators Existing Corrugator expand their capacity by building new plants and upgrade their converting machineries as well.

### Trend and Innovations

Many MNC customers going for Regional Tender or Bidding for cost comparison and demanding for Sustainability, CO2 footprint, HACCP or food safety, Human Right and Environment care, besides ROHS and ISO certifications.

This exercise has bring some cost pressure to local box manufacturers who need to compete globally in pricing especially high running SKUs, quality and technical support, despite the constraint in Logistic only



## Singapore

**For 2014, GDP Singapore projected growth of 2-4%**

### Positive Key Driver

- Singapore excellent infrastructure will continue to attract/retain high value manufacturing to ride on recovery in USA economy.

- MIT helps to promote Food Industry (ready meal) for export.

- The 2 IR continue to boost good demand in F& B industry.

### Negative Key Driver

- 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.

- European financial austerity measures will suppress demand.

- Continuing Inflationary pressure will cause cost to drive up.

Total Demand 2014 113.100 tons down from 113.300 tons in 2013.

Paper Price Trend increase

	Ave-1stQ13	Ave-2ndQ13	Ave-3rdQ13	Ave-4thQ13	Ave-1stQ14
Kraft	650	650	650	660	670
Kraft Top	500	500	510	510	520
Medium	435	438	450	457	460
Test Liner	450	450	465	470	470
White Test	630	780	800	820	820

## Thailand

The ongoing political unrest could delay forming of the new government and will consequently hit the economy in 3 ways :

- 1) Delayed public investment
- 2) Derailed business and consumer sentiment
- 3) Declined foreign confidence (investment & tourism)

Exports will be the main driver of Thailand's GDP growth in 2014 (Export to grow 6%)

Market situation

- Food related : Overall demand is stable, Demand growth for milk and strong frozen chicken export
- Electrical appliances Export growth especially export to Japan, Demand increase in summer and sport events will help stimulate sales
- Consumer Products Growing export demand, domestic affected by politic & economy

Paper Price

White Top Liner 900-970 USD/ton,

Pulp Top Liner 675-725 USD/ton

Recycled Liner 600-640 USD/ton,

Corrugating Medium 480-510 USD/ton

Green Trend & New Products

- Light weight trend (Paper) - Double wall to single wall (Board)
- RSC ---- Wrap around / Die cut
- Automation
- Shelf ready packaging (SRP) for export



federation will develop centre for :

- Green development
- Innovation development
- Harmony development

*In focus on technical innovation and acceleration as well as push forward the development. China need the world and the world also need china*

ACCA Work Plan for Years 2014/2015

Tentatively fixed the next ACCA AGM on 18th September 2014 to be held in Ho Chi Ming City, Vietnam.

## China

China's Packaging Industry is booming and the commodities economy has developed rapidly since the country began its period of reform and opening up. Last year, the industry's total GDP exceeded RMB 1.3 billion - proof that it is undergoing a historical transformation. Today, China has over 30,000 paper packaging enterprises and more than 4,500 corrugated paper production lines.

The development of paper packaging accounted for 36% of packaging production in 2013. The same year, total production of corrugated board was over 61 billion square meters, making China the leading country in corrugated board production. Chinese paper packaging central in Jangzhu delta,

3 of this area occupy 70% of total production in china with advance machineries. North part of china also get improved in packaging industry. This region will become the new highlight of the packaging industry development. Certainly we understand there is still a margin between china and develop countries. Therefore china packaigng





next WCO – ICCA meeting in Taiwan + Shanghai next April 015 (the the article of WCO ICCA 2015). Afterfnish the meeting all the attendants taking photos together.

The Gala dinner and Gift Exchange took plate at the The Golden Hall Chinese Restaurant, Regal Palace Hotel. All the countries member exchange gift each others. This event is good for exchange not just the gift but also the time to exchange information each other about the corrugated industry.

The participants also have a great time by having dinner and singing together, too.

The next day we visit the Sinocorrugated Dongguan which located just across our hotel the Regal Palace. The exhibition was a great success (read the Sino Corugated 2014 Success).

