

Current Situation of The Japanese Paper Industry

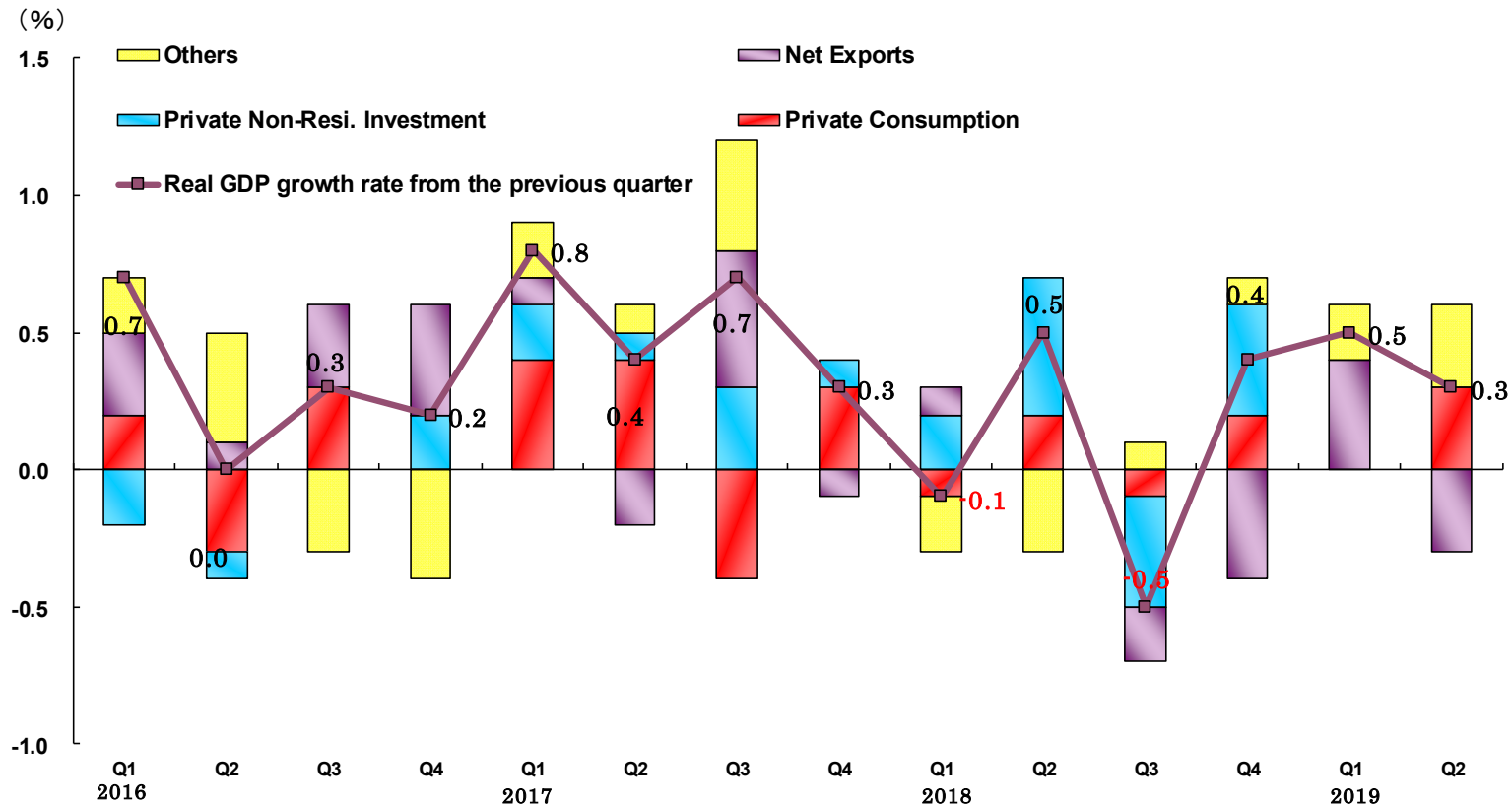
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November 1, 2019

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1-1. Trend of GDP Growth Rate and Contributions in Japan (seasonally adjusted)

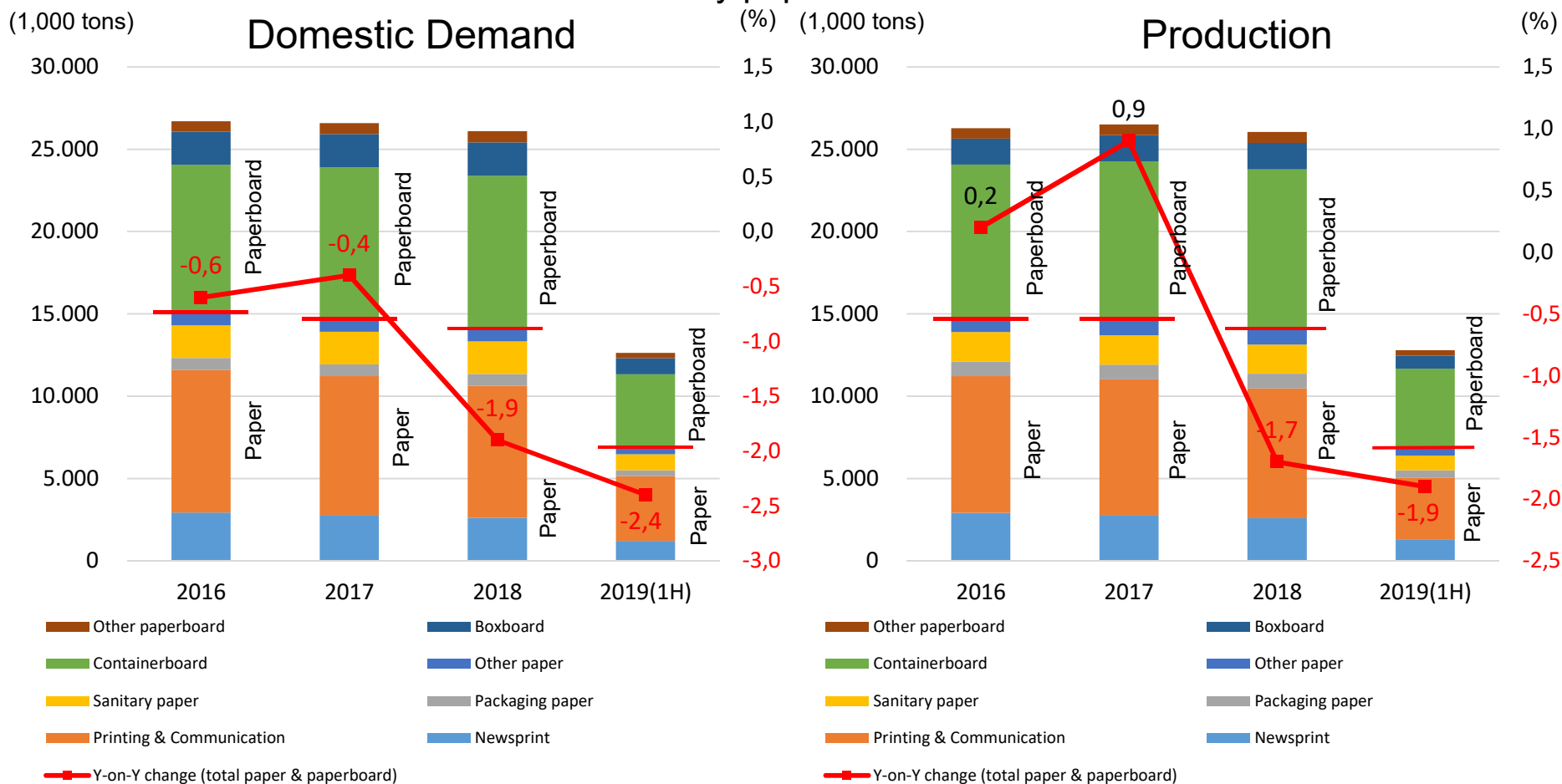


	2015	2016	2017	2018
Real GDP Growth	1.2	0.6	1.9	0.8

Source : Cabinet Office

1-2. Market Situation for the Paper Industry ~Domestic Demand & Production~

- Domestic demand for paper and paperboard has decreased for 8 consecutive years since 2011.
- While the demand for graphic papers (newsprint and printing paper) continues to decline, the demand for containerboard and sanitary paper has remained stable.

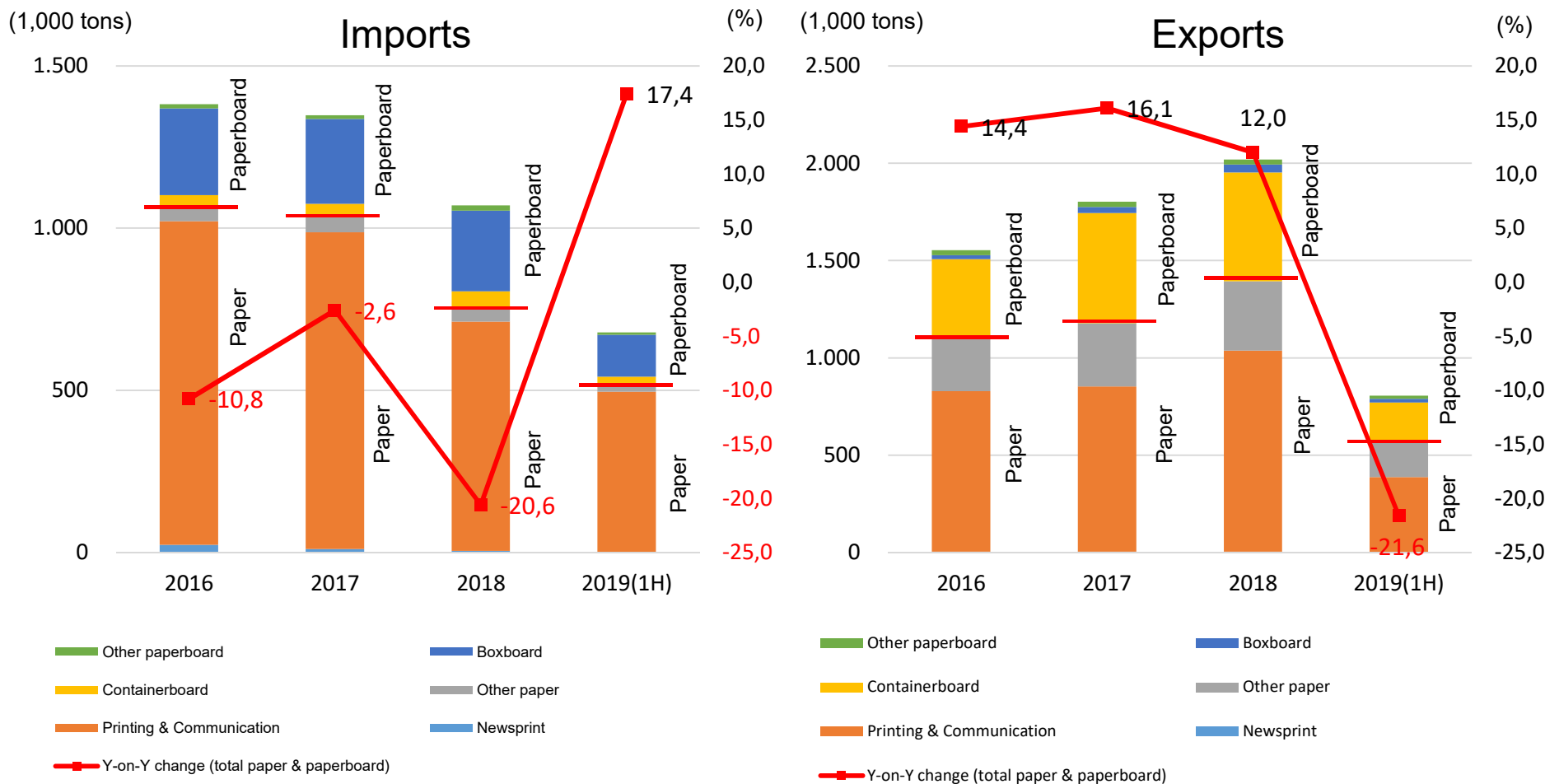


Source: Ministry of Economy, Trade and Industry, Japan Paper Association

Note: Domestic demand denotes domestic shipments plus imports, adding to or deducting the changes of distributors' inventory at the beginning and end of the year.

1-3. Market Situation for the Paper Industry ~Imports & Exports~

- Exports have posted a record high for the third consecutive year since 2016.
- However, in the 1H of 2019, the exports dropped by 21.6% over the same period of 2018.



Source: Ministry of Finance

1-4. Manufacturing Activities of Japanese Paper Companies in ASEAN Countries

Company	Country	Products
Oji Holdings Corporation	Cambodia	Corrugated box (2 plants), Other (1 plant)
	Malaysia	Containerboard (2 mills) , Corrugated box (8 plants) Converted paper (2 plants), Sanitary products (2 plant) Other (1 plant)
	Myanmar	Corrugated box (1plant), Other (1 plant)
	Thailand	Corrugated box (3 plants), Converted paper (2 plants)
	Vietnam	Corrugated box (5 plants), Paper bag (2 plants) Carton box (1 plant)
Rengo Co., Ltd.	Indonesia	Corrugated box (7 plants), Other (2 plants)
	Malaysia	Corrugated box (2 plants)
	Thailand	Corrugated box (18 plants), Other (4 plants)
	Vietnam	Containerboard (1 mill), Corrugated box (5 plants), Other (1 plant)
Nippon Paper Industries Co., Ltd.	Malaysia	Other (1 plant)
	Thailand	Packaging paper (1 mill)
	Vietnam	Converted paper (1 plant), Sanitary products (1 plant)
Daio Paper Corporation	Indonesia	Sanitary products (1 plant)
	Thailand	Sanitary products (1 plant)

Note: manufacturing facilities include ones operated by joint ventures

2-1. Efforts for Sustainability Made by the Paper Industry ~CO₂ emissions reduction~

JPA establishes voluntary targets for preventing global warming and building a circular economy, etc. in its Environmental Action Plan.

Measures against Global Warming (CO₂ emissions reduction)

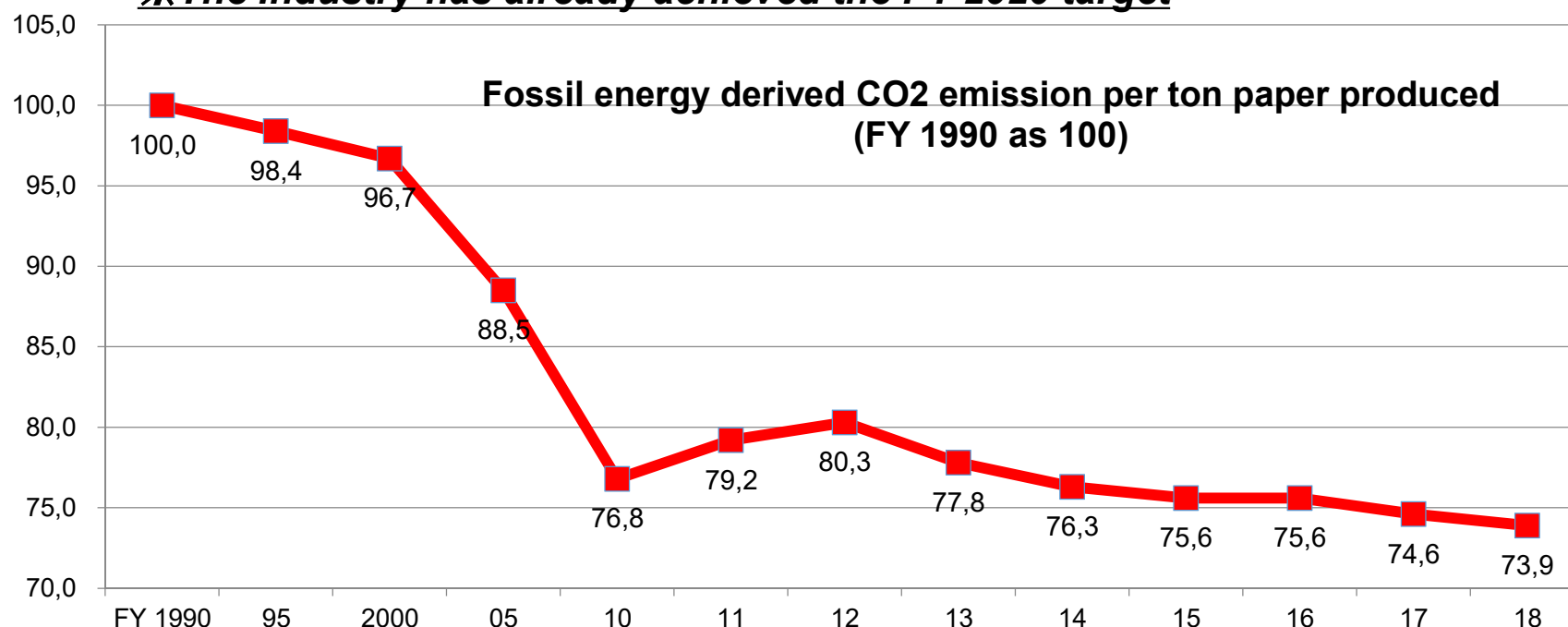
(1) FY 2020 target:

Reduce fossil-energy-derived CO₂ emissions by 1.39 million tons from BAU 2005 levels.

(2) FY 2030 target:

Reduce fossil-energy-derived CO₂ emissions by 4.66 million tons from BAU 2005 levels.

****The Industry has already achieved the FY 2020 target***

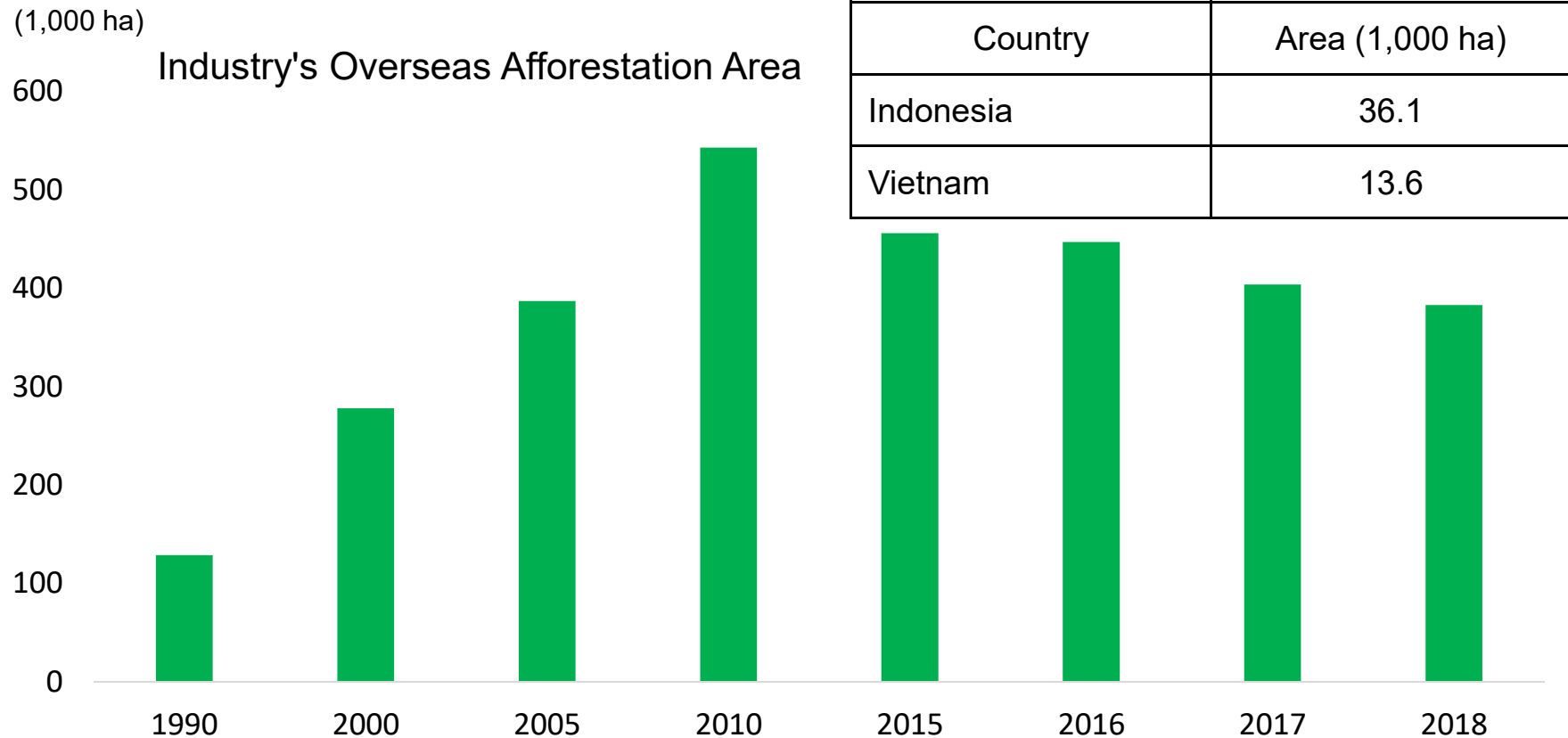


Source: Japan Paper Association.

Note: Fiscal year (FY) runs from April 1 until March 31 in the following year.

2-2. Efforts for Sustainability Made by the Paper Industry ~Afforestation~

- JPA sets the target of expanding forest area managed by the paper industry at home and abroad to 700 thousand ha by 2020.
- However, afforestation area has been diminishing in recent years with shrinking paper and paperboard production.

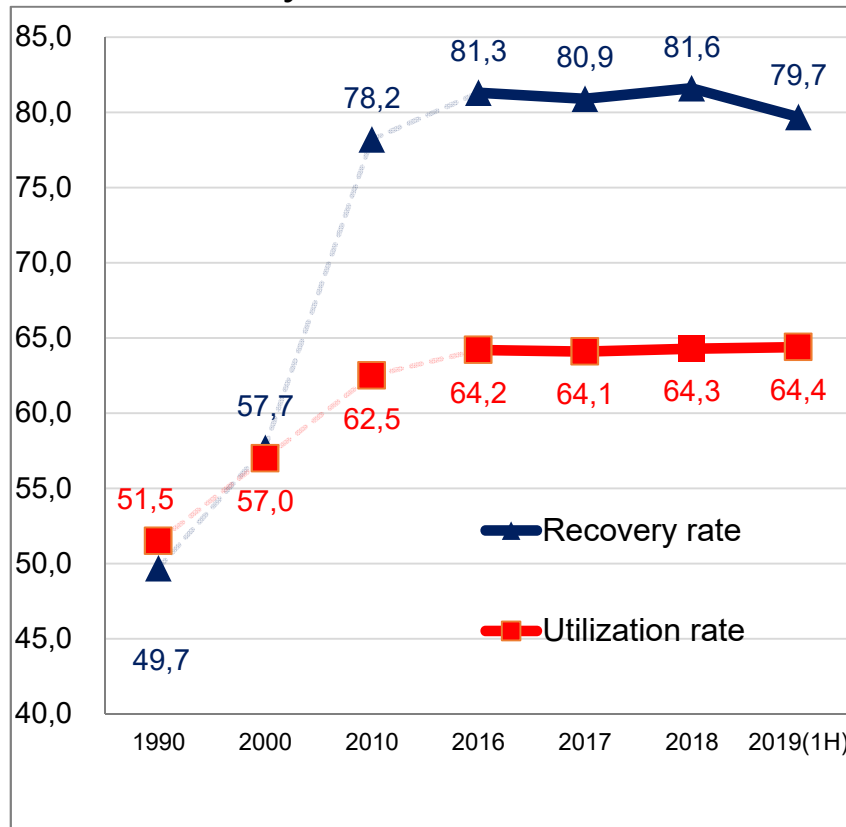


Source: Japan Paper Association

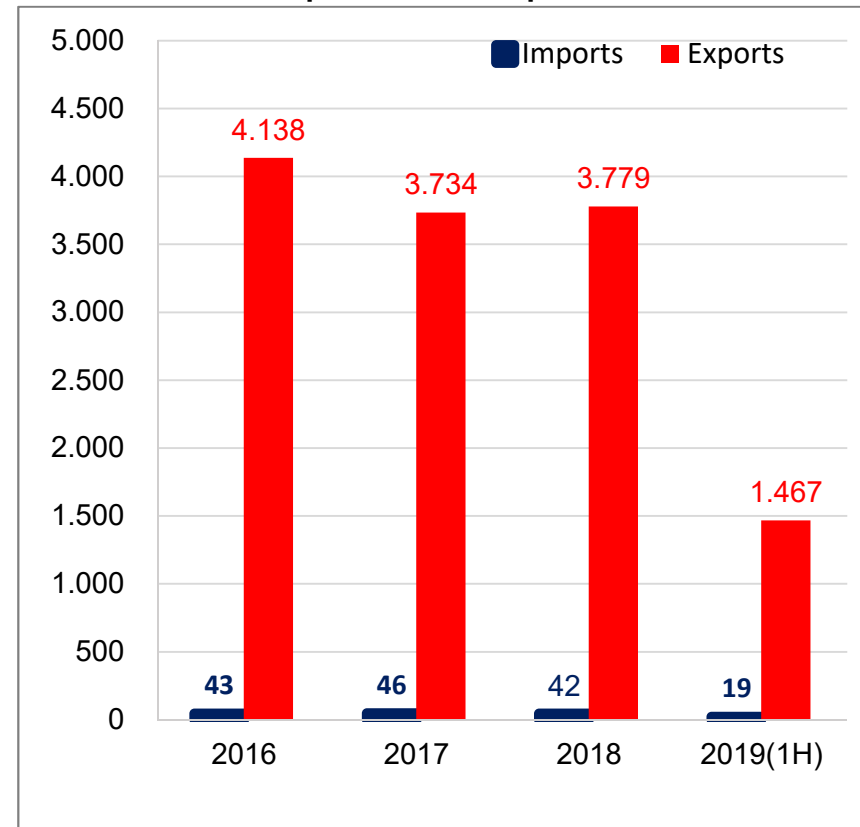
2-3. Efforts for Sustainability Made by the Paper Industry ~Paper Recycling~

- Paper recycling is a part of solutions to build a circular economy.
- JPA sets the target of achieving at 65% of recovered paper utilization rate by 2020.

(%) Recovery rate & Utilization rate



(1,000 tons) Imports & Exports



Source: Ministry of Economy, Trade and Industry, Ministry of Finance

3. Challenges – The Way Forward

1. Developing New Products

Paper companies are focusing on the development of new fiber-based products:

- Cellulose Nanofiber (CNF).
- Alternatives for plastic products(paper-based straw and barrier material, etc.)

2. Safety and Health Efforts

JPA has been making efforts towards improvement of workers' safety.

Major initiatives are:

- National Conference on Workers' Safety and Health in the Paper Industry.
- Active Participation in Public-Private Council for Safety Measures in the Manufacturing Industry.
- Information sharing among members through JPA on accidents occurred at production sites.
(type of accident, cause of the accident, preventive measures)

Thank you