In 2009, under the active macroeconomic policy control of the government, China’s papermaking industry on the whole overcame such difficulties as shrinking demand, reduced capacity utilization and augmented product inventories resulted from the financial crisis, and started rising gradually. In 2010, the industry has accelerated the pace of development and seen substantial growth in various economic indicators. The whole industry achieved operating income of RMB361.2 billion and total profit of RMB20.5 billion in the first eight months of 2010, up 31.67% and 58.66% year on year respectively.
Overall, China's papermaking industry has experienced the following changes in 2010:

- The revenue and industrial sales output value have risen sharply year on year;
- The costs have climbed due to the rise in the prices of raw materials such as wood pulp;
- The packaging paper industry has grown rapidly driven by the growing export demand;
- The elimination of backward capacity has been intensified, and 4.65257 million tons of capacity was eliminated in August 2010;
- The production concentration has increased, and the top 30 papermaking enterprises (by output) are expected to account for more than 40% of the total industry output in 2010.
From the perspective of regional development, in 2010, China’s papermaking industry is still concentrated in eastern and central regions, mainly including Shandong, Henan, Guangdong, Zhejiang and Jiangsu. In the first three quarters of 2010, top ten regions by output of machine-made paper & paperboard, liner board and paper products respectively achieved total output of 62.2423 million tons, 9.2134 million tons and 27.5602 million tons respectively, accounting for 84.81%, 83.43% and 79.06% of the total output respectively. The regional concentration of paper products decreased while machine-made paper & paperboard’s increased year on year.

Under the influence of such factors as policies for backward capacity elimination, rising raw material prices and RMB appreciation, China’s papermaking industry will see a fall in the output and a rise in demand and prices. From the perspective of specific products, the low-grade cultural paper with straw pulp as the main raw material is the object of backward capacity elimination in 2010; medium and high-end cultural paper, as the substitute for low-grade cultural paper, will see a rise in both output and prices; packaging paper will witness a substantial increase in the demand as a result of the rapid development of downstream industries such as electronics and communications, household appliances, food, pharmaceuticals, household chemicals, textile, tobacco and alcohol.
### China’s Top Ten Papermaking Regions by Output, Q1-Q3 2010 (Unit: 10,000 tons)

<table>
<thead>
<tr>
<th>Region</th>
<th>Output</th>
<th>Region</th>
<th>Output</th>
<th>Region</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machine-made Paper and Paperboard</td>
<td>Liner Board</td>
<td>Paper Products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.1</td>
<td>Shandong</td>
<td>1,243.00</td>
<td>Henan</td>
<td>229.11</td>
<td>Guangdong</td>
</tr>
<tr>
<td>No.2</td>
<td>Guangdong</td>
<td>1,049.77</td>
<td>Zhejiang</td>
<td>146.80</td>
<td>Zhejiang</td>
</tr>
<tr>
<td>No.3</td>
<td>Zhejiang</td>
<td>1,035.06</td>
<td>Shandong</td>
<td>135.37</td>
<td>Jiangsu</td>
</tr>
<tr>
<td>No.4</td>
<td>Jiangsu</td>
<td>867.27</td>
<td>Hebei</td>
<td>105.50</td>
<td>Shandong</td>
</tr>
<tr>
<td>No.5</td>
<td>Henan</td>
<td>732.59</td>
<td>Anhui</td>
<td>79.63</td>
<td>Henan</td>
</tr>
<tr>
<td>No.6</td>
<td>Fujian</td>
<td>309.27</td>
<td>Hunan</td>
<td>54.56</td>
<td>Fujian</td>
</tr>
<tr>
<td>No.7</td>
<td>Hebei</td>
<td>300.34</td>
<td>Fujian</td>
<td>50.62</td>
<td>Hebei</td>
</tr>
<tr>
<td>No.8</td>
<td>Hunan</td>
<td>276.56</td>
<td>Sichuan</td>
<td>49.03</td>
<td>Sichuan</td>
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<tr>
<td>No.9</td>
<td>Sichuan</td>
<td>244.25</td>
<td>Jiangsu</td>
<td>35.80</td>
<td>Hubei</td>
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<tr>
<td>No.10</td>
<td>Anhui</td>
<td>166.10</td>
<td>Shanghai</td>
<td>34.92</td>
<td>Liaoning</td>
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<tr>
<td>Total</td>
<td>6,224.23</td>
<td>921.34</td>
<td></td>
<td>2,756.02</td>
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</tr>
</tbody>
</table>

**Share in Total Output**

- Machine-made Paper and Paperboard: 84.81%
- Liner Board: 83.43%
- Paper Products: 79.06%

Source: National Bureau of Statistics of China; ResearchInChina
Table of Contents

1. Main Factors Influencing China’s Papermaking Industry
   1.1 Policies
      1.1.1 The Eleventh Five-Year Plan
      1.1.2 Energy Saving and Emission Reduction
      1.1.3 Papermaking Industry Policies
   1.2 Demand

2. Overview of China’s Papermaking Industry
   2.1 Economic Operation
      2.1.1 Production and Sales
      2.1.2 Import and Export
      2.1.3 Profitability
   2.2 Market Development
      2.2.1 Production and Consumption of Paper and Paperboard
      2.2.2 Production and Consumption of Main Products
      2.3 Enterprises

3. Main Products of China’s Papermaking Industry
   3.1 Production
      3.1.1 Paper Pulp
      3.1.2 Machine-made Paper and Paperboard
      3.1.3 Newsprint
      3.1.4 Paper Products
      3.1.5 Carton
   3.2 Import and Export
      3.2.1 Paper Pulp
      3.2.2 Kraft Paper
      3.2.3 Paper and Paperboard

4. Papermaking Industry Chain
   4.1 Overview
   4.2 Upstream Markets
      4.2.1 Paper Pulp Prices
      4.2.2 Waste Paper Prices
7. Development Trends of Papermaking Industry

7.1 Development of Papermaking Industry

7.1.1 Impact of Economic Environment on Papermaking Industry

7.1.2 Papermaking Industry Climate Index

7.1.3 Papermaking Industry Concentration

7.1.4 Papermaking Industry Production and Sales

7.1.5 Papermaking Industry Profitability

7.2 Development Trends of Papermaking Industry Segments

7.2.1 Price Trends of Paper Products

7.2.2 Price Trends of Raw Materials

7.2.3 Development Trends of Paper and Paperboard

7.2.4 Development Trends of Paper Products Related with Consumption

7.3 Conclusion
Selected Charts

- Abstract of “China Papermaking Industry Development Policy”
- Rising Per Capita Consumption of Paper Products in the Economic Development of Various Countries
- Operating Profit Margin by Paper Category, January-May 2010
- Consumption of Machine-made Paper and Paperboard in China, 2008-2010
- Production and Consumption of Main Paper and Paperboard Products in China, 2008-2009
- China's Papermaking Enterprises by Economic Type and Scale, 2009
- China’s Top 30 Papermaking Enterprises by Output, 2009
- China’s Paper Pulp Output, 2008-2010
- China’s Paper Pulp Output by Month, 2010
- China’s Machine-made Paper and Paperboard Output, 2008-2010
- China’s Machine-made Paper and Paperboard Output by Month, 2010
- China’s Newsprint Output, 2008-2010
- China’s Newsprint Output by Month, 2010
- China’s Newsprint Production Capacity and Demand, 2008-2011
- China’s Output of Paper Products, 2008-2010
- China’s Output of Paper Products by Month, 2010
- China’s (Corrugated) Carton Output, 2008-2010
- China’s (Corrugated) Carton Output by Month, 2010
- Kraft Paper Export Value and Volume, 2009-2010
- China’s Unit Export Price of Kraft Paper, 2009-2010
• Kraft Paper Import, 2009-2010
• China’s Unit Import Price of Kraft Paper, 2009-2010
• (Uncut) Paper and Paperboard Export Volume and Value, 2009-2010
• China’s Unit Export Price of (Uncut) Paper and Paperboard, 2009-2010
• (Uncut) Paper and Paperboard Import Volume and Value, 2009-2010
• China’s Unit Import Price of (Uncut) Paper and Paperboard, 2009-2010
• European Market Prices of Northern Bleached Softwood Kraft (NBSK) Pulp, 2009-2010
• European Market Prices of Bleached Hardwood Kraft Pulp (BHKP) in U.S. Dollar, 2009-2010
• China’s Wood Pulp Import Price Trend, 2009-2010
• China’s 3# American Waste Paper Import Price Trend, 2009-2010
• China’s Newspaper Consumption, 2001-2009
• China’s Monochrome Presswork Output, 2008-2010
• China’s Polychrome Presswork Output, 2008-2010
• China’s Pamphlet Printing Output, 2008-2010
• Packaging Products by Material
• China’s Top 10 Papermaking Regions by Output, 2009
• China’s Top 10 Papermaking Regions by Output, Q1-Q3 2010
• Shandong’s Papermaking Output by Main Product, 2005-2010
• Zhejiang’s Papermaking Output by Main Product, 2005-2010
• Guangdong’s Papermaking Output by Main Product, 2005-2010
• Guangdong’s Papermaking Industry Development Plan during the “Eleventh Five-Year Plan” Period
• Production Areas of Six Key Products in Guangdong
• Henan’s Papermaking Output by Main Product, 2005-2010
• Jiangsu’s Papermaking Output by Main Product, 2005-2010
• Hebei’s Papermaking Output by Main Product, 2005-2010
• China’s Top 10 Papermaking Regions by Output, 2009
• China’s Top 10 Papermaking Regions by Output, Q1-Q3 2010
• Operating Income of Anne Corporation, 2007-2010
• Operating Income of Anne Corporation by Product, 2008-2010
• 350,000T/Y High-Grade Packaging Paperboard Project of Bohui Paper
• Operating Income of Chenming Paper, 2008-2010
• Main Projects of Chenming Paper, 2010-2012
• High-Grade Lightweight Copperplate Paper Project of Chenming Paper
• High-Grade Cultural Paper Project of Zhanjiang Chenming
• 700,000T/Y Wood Pulp Project of Zhanjiang Chenming
• Operating Income and Net Profit of Meili Paper, 2005-2010
• Liner Board and Cultural Paper Revenue and Gross Margin of Meili Paper, 2009-2010
• Business Revenue of Meili Paper by Region, H1 2010
• Revenue and Net Profit of Jingxing Paper, 2005-2010
• Revenue and Gross Margin of Jingxing Paper by Product, 2009-2010
• Operating Income of Jingxing Paper by Region, H1 2010
• Operating Income and Net Profit of Jincheng Paper, 2005-2010
• Revenue and Gross Margin of Jincheng Paper by Product, 2010
• Business Revenue of Jincheng Paper by Region, H1 2010
• Operating Income and Net Profit of Shanying Paper, 2005-2010
• Newsprint and Cultural Paper Business Revenue and Gross Margin of Shanying Paper, 2008-2010
• Operating Income of Shanying Paper by Region, H1 2010
• Operating Income and Net Profit of Fujian Nanping Paper, 2005-2010
• Newsprint Business Revenue and Gross Margin of Fujian Nanping Paper, 2005-2010
• Export Business Revenue of Fujian Nanping Paper, 2006-2010
• China’s Papermaking and Paper Products Industry Climate Index, 2008-2010
• China’s Elimination of Backward Papermaking Capacity by Province, 2010
• Gross Margin of Papermaking Industry, 2009-2010
• China’s Elimination of Backward Papermaking Capacity, 2006-2010
## How to Buy

<table>
<thead>
<tr>
<th>Product details</th>
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<tr>
<td>USD 2,000 File</td>
<td>By email: <a href="mailto:report@researchinchina.com">report@researchinchina.com</a></td>
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<tr>
<td>Single user</td>
<td>By fax: 86-10-82601570</td>
</tr>
<tr>
<td>Enterprisewide 3,000 PDF</td>
<td>By online: <a href="http://www.researchinchina.com">www.researchinchina.com</a></td>
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Website: www.researchinchina.com