

The Acca 12th Annual General Meeting in Dong Duan

The ACCA 12th Annual General Meeting was held last 27 to 30th August 2008 in Dong Duan host by Reed Huayin and sponsors by 3 companies, i.e. Bobst, BHS and IMG.

Mr Kinardo Ang stated that the various events held over the last 3 days had been well organised with good friends meeting over good food. Such meetings allow business opportunities to arise if not now then may be in the future, with the sharing of different country experiences among members and our suppliers.

The night before the event we have welcome dinner sponsor by IMG. The next day we follow seminar as well as visiting the Sino Converting Dongguan 2008. And the day finish by dinner sponsor by Bobst. The day after we have two option to spend the day either following the golf, sightseeing or visiting the expo again.
DONGGUAN

Dongguan's strategic position makes it a bridge between Hong Kong and Guangzhou, and between the east and west banks of the PRD. It has good infrastructure, with highways, railways and waterways linking to all destinations. The Guangzhou-Shenzhen highway and National Highway 107 lead to Guangzhou, Shenzhen and Hong Kong. The city is planning to build more highways linking other parts of the PRD in the coming 5 years.

Dongguan is one of the most export-oriented economy in China. The fourth largest exporting city after Shenzhen, Shanghai and Suzhou. It is one of the fastest growing economies in China. It is now an international manufacturing base for products of all types and grades. Electronic information products, electrical and mechanical products, textiles and garments, furniture, toys, papermaking and paper products, food and beverages and chemical materials are its 8 pillar industries.

Dongguan has a very vibrant economy. Its GDP reached RMB 262.7 billion in 2006, growing by 19.2% in real terms. In fact, GDP growth averaged some 19% annually during the past 5 years. This impressive record could be explained by the city's reliance on foreign trade, which represented 2.55 times its GDP in 2006. This ratio is one of the highest among all cities in China.

Chinese Premier Wen Jiabao on 28 January 2008 stressed confidence, cooperation and responsibility as key to overcoming the current global financial crisis. The bureau attributed the slowdown to the severe natural disasters affecting most parts of China last year and the impact of the global financial crisis. Despite the setbacks, Guangdong had met its 2010 GDP target of 3,440 billion yuan two years ahead of time, the bureau said.

Hong Kong investors in firms based in Guangdong will benefit from a 1 billion yuan (\$145 million) fund, Vice-Governor Wan

Qingliang said on 29 January 2009. The announcement followed the 12th meeting of the Hong Kong-Guangdong Cooperation Joint Conference to discuss the government-approved blueprint for the Pearl River Delta.

Country Report

China

The paper packaging industry constitutes about 40% of the total packaging volume in China, and it had fast tracked its development within 20 years into today's modern packaging system. In 2007, the paper packaging industry achieved an annual sales volume exceeding 23 billion sq. m., worth value in excess of 200 billion RMB.

Guangdong and Fujian in the Pearl Delta Zone are well developed, and there are about 5000 box plants in Guangdong, of which 80 have annual sales turnover of more than 100 million RMB. Investments in both these provinces come mainly from Hong Kong and Taiwan. While in Yangtze Delta Zone as represented by Shanghai, Jiangsu and Zhejiang there are about 150 paperboard production lines and 30 box plants reaching a total annual turnover of 15 billion RMB in 2007. And in Qingdao, Shandong, there are more than 100 paperboard production lines.


Hong Kong

There is little manufacturing as the 4 to 5% GDP growth came mainly from trading, finance and services industries. The drop in GDP growth is very much in tandem with the prevailing stock market. The Hong Kong paper and box industry is mainly located in the Pearl Delta Zone, China. The industry so far this year had been difficult with significant increases in operating costs such as labour cost up by 20%, fuel cost by 19% and RMB currency appreciation by 12%. On top of such cost increases there is also pressure from environmental issues on paper mills. Effectively the export market is decreasing, while the domestic market remains stable. Apparently this new tax policy introduced about a year ago had been overdone, giving rise to the paper export volume going into the domestic market thereby depressing the local paper prices by about 15%. The local market will remain soft for the coming months.

Indonesia

The country estimated economic growth is about 6%, but like world-wide, inflation had shot up in the first half of this year with expectation that it will reach 12% by end of the year, about double what the Government had originally predicted. The corrugated industry was stable in the first quarter of this year, and for May to July, it had actually gone up slightly partly due to the celebrated Muslim holidays.





Paper price managed an increase of 8 to 10% earlier, but now stabilising. However, it is expected to drop after early October this year as there are 4 corrugators coming on stream before the year ends, adding 250,000 mtpa production capacity.

Malaysia

The increase in energy cost had resulted in increase to all raw material costs of the industry. Food prices had also gone up resulting in lower spending power of the people, and slower economic growth. The corrugated industry experienced difficulty to increase prices of the finished product. Added to this is the country's current political uncertainty. Consequently, association members are taking measures to reduce all production wastages and increase plant efficiency to ride out the challenging period ahead.

Singapore

Reported that 2007 GDP growth was 7.2%. At the beginning of 2008, the Government forecast growth for this year was 5.5 to 6%. However, with economy slowdown in USA and Europe, plus 1H'08 actual growth attained was only 5.3%, the full year forecast was revised down to 4.2 to 4.5%. Manufacturing however, had negative growth at -5.2%, largely due to 40% drop in electronic product export compared with same period last year. This had badly affected the local corrugated industry. Based on survey, Singapore total corrugated production in 2007 dropped by 3% compared with previous year's to only 147,000 mt or 240 millions sq. m. at gramage of 610 gsm. Forecast for this year is another 3 to 4% drop in total production, making the industry even more difficult. It is hoped that through building mutual trusts among all local corrugated plants, the Singapore corrugated market can remain a small but still profitable one.

Thailand

From macro economic perspective, the country GDP growth was originally forecasted to be only 4.5 to 5.5% because of the political difficulty experienced last year in the southern part of Thailand. However, the increase in food export such as rice in the 1H'08 had prompted the forecast to increase to 6%, but only to be trimmed back now to about 4% growth due to greater political and economic uncertainties. The packaging industry was impacted by a drop in domestic consumption due to energy cost increase and high inflation of up to 9%. On the other hand, the export industry grew by 11% as compared 18% in previous year, but may drop to single digit by year-end. Food industry remains one of the major drivers for the packaging industry. The other significant driver is the electrical appliance or white goods industry that actually experienced many overseas manufacturers moving into Thailand.

Chinese Taipei

Mr Lin Kuo Hung (TPCIA) explained that Mr Frank Cheng had taken over as Chairman of the Taiwan Paper Containers Industry

Association effective since July 2008.

Total corrugated production for January to July 2008 reached 1,132 million sq. m., an increase of 2.82% over the same period last year. For the full year, the expected production increase is 2%. This was attributed to the rise in raw material costs that led to inventory build up by down-stream manufacturers in the hope to avoid further increase of their operational costs. In addition, prices of containerboard had also reached record high of NT\$16 per kg earlier in the year. Forecast for 2H'08 is commodity price will be stable while fuel prices will come down.

India

The growth in the last two quarters dropped to about 6% from the previous year of 9 to 10% pa. Prices of paper increased by 10 to 12% largely because the 10% US\$ appreciation against the Indian Rupees. The positive news is that corrugated export had increased. The industry had also upgraded from mainly single phase to more than a hundred players running on double phase with another 50 more coming on-stream. For the remaining part of the year, growth is expected to be 6 to 8% pa.

Saudi Arabia

Net paper import had gone up from 600,000 mtpa since last reported to currently 800,000 mtpa. 'Light Weighting' is the name of the game with use of new technology and new machines. Market volume growth is strong at 15% per annum, but not profit due to stiff competition coming from both inside and outside of the country. Food packaging industry remains strong.

