

**PTS Coating Symposium in Baden-Baden on Sept. 22, 2009**  
**- Panel discussion:**  
**“Is diversification the right strategy for a forest based industry?”**

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**Panel participants:**

**Ms Ainomaija Haarla**

(President & CEO of “Technology Academy Foundation)

**Mr. Rainer Häggblömm**

(Chairman of The Forest Company Ltd. + Chairman & Founder of Vision Hunters Ltd. Oy)

**Prof. Kalevi Kyläheiko**

(Professor der Wirtschaftslehre an der Technischen Universität Lappeenranta, Finland)

**Dr. Gerd Papier**

(Senior Vice President Research & Development bei Felix Schöller)

**Dr. Hartmut Wurster**

(Vorstandsmitglied & Präsident der Newsprint Division, UPM Kymmene)

**Mr. Robert Wilson**

(Chairman at Pöyry Forest Industry Consulting Ltd.)

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**Introduction:**

The world around us is changing.

Most visible are the new media trends: Circulation and advertising revenues of daily papers have fallen dramatically in USA.

The demand of newspaper will start to fall even in West Europe.

Publishers are investing in internet services and mobile phone applications. So far they do it with little success, but they have no chance - they must find an economical way.

These are the words of one of the biggest newspaper producers - Holmen Paper.

A threat or an opportunity for them?

For Holmen it is a new opportunity:

Magnus Hall, President and CEO, Holmen: Holmen is increasingly moving away from the production of newsprint towards higher value-added products. Paper for direct advertising, magazines, paperbacks and newspaper supplements is growing in importance. Further the need for sustainable development and climate-smart products will open up new opportunities for the Holmen Group.

It is not only Holmen who is facing these changes and challenges. The whole paper industry is in a process of change.

Therefore the question discussed at the PTS Coating Symposium “Is diversification the right strategy for a forest based industry?” has very high actuality.

#### **Summary of the discussion:**

- Diversification is seen as an important new business field.
- Bio-energy and bio-material are the biggest fields of new business.
- But also smaller steps were presented like spin offs of specific technology and service know how for other industries.
- The big steps will take long time before these businesses will contribute to the economical development of the paper industry.
- It will need real patient by the industry.
- In the meantime the industry should not forget to further develop the existing P&P business. Big changes are still needed here: Energy reduction, economic of scale, efficiency, etc..
- Mega step innovations are needed not incremental small steps.

#### **The biggest concerns during the discussion:**

- The image of paper is not good.
- The end user of paper - the public - has not realised that paper is a sustainable product despite the fact that there is no other product of our civilization than paper that is recyclable and renewable to such a high degree.

#### **Comments by the audience:**

- It is really time to change!
- Not enough branding for paper is done by the paper industry compared to other industries.
- Industry is defendant and not pro active.
- It is not enough to argue what has been done in the past in energy saving and reducing of resources (no question a lot!)
- Rather than it is needed to address the new challenges and problems.
- It is needed to formulate an overall strategy how paper in graphic as well as in board & packaging will contribute further to the sustainability to create a complete advantage over all other material used for printing, writing and packaging incl. tissue and specialities.
- And do not wait that others doing something - everyone should do something to change.

Dr. Hans-Peter Sollinger, Voith Paper