

# C I N T R A F O R

**Working Paper 54**

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## **An Examination of the US Pulp and Paper Industry**

**Anne Rahikainen, Dorothy Paun, Lynn Catlett. 1995**

### **Introduction**

The pulp and paper industry ended its four-year slump and enjoyed record-breaking profits in 1994. The unprecedented magnitude and speed of this recovery was due to the timely confluence of many factors: improving economies in Europe and North America resulted in a large increase in consumption of pulp and associated products such as newsprint and packaging; imports of European pulp and paper products into the US market leveled off in response to greater demand in European markets; substantial amounts of marginal capacity were removed from the North American market; international fiber shortages occurred; recyclable materials like old newsprint and corrugated containers were in short supply; weak US and Canadian dollars made North American pulp and paper exports more price-competitive in the international marketplace, thus driving up demand; and low customer inventories resulted in demand exceeding supply. The outlook remains rosy, as only limited additional capacity has been added or is scheduled to come on line in the next couple of years.

This project was undertaken to obtain an overview of the United States pulp and paper industry. First, all publicly-traded pulp and paper firms were examined in terms of principal products sold. The second objective was to identify the extent of international operations by these firms, using as a proxy percentage of annual sales from exports and the degree and number of international manufacturing plants, sales offices, and subsidiaries. The third objective was to evaluate the performance of the firms and to create an industry-based financial performance ranking based on net sales, return on equity, and earnings per share.

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