**UTIPULP General Meeting**

**Brussels – September 16th , 2011**

**Keypoints of the pulp and paper industry**

**in the member countries**

**COUNTRY : .....AUSTRIA**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

Paper price level is better than last year, so turnover has improved. But quantities were almost stagnant in summer.

Hallein was sold to Schweighofer and started its new operation a few weeks ago.

Austrian national government is preparing for a new tax fund to better finance abandoned hazardous sites (AlSAG law). As a consequence the price of recoverd paper would rise by probably 3 €/t

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|  | **2011 ( 6. months) *(in KT)*** | **2010 (6 months) 1 *(in KT)*** | **%** |
| **Pulp production** | 1006 | 967 | 4,0 |
| **Paper and board production** | 2497 | 2485 | 0,5 |
| - Graphic papers | n.a. |  |  |
| - Packaging grades |  |  |  |
| - Hygiene |  |  |  |
| **P & B Exports** | 2138 | 2149 | -0,5 |
| **P & B Imports** | 746 | *715* | *4,3* |
| **P & B Consumption** | 1105 | 1090 | 1,4 |

1 last available figures

**COUNTRY : BELGIUM.**

* **Impact of crisis on market volumes**
* **Prices of raw materials are still relatively high due to tensions on the raw materials markets induced by subsidies to bio-energies and export of recovered paper to Asia**
* **Productivity rather good**

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|  | **2011 (8 months) *(in KT)*** | **2010 (8 months) 1 *(in KT)*** | **%** |
| **Pulp production** | 344 000 | 343 000 | + 0.3 |
| **Paper and board production** | 1. 326 000 | 1. 330 000 | * 0.3 |
| - Graphic papers | 968 000 | 1. 000 | * 0.5 |
| - Packaging grades + others | 299 000 | 291 000 | + 2.7 |
| - Hygiene | 59 000 | 1. 000 | * 10.6 |

1 last available figures

**COUNTRY : ..........FRANCE**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

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|  | **2011 (7 months) *(in KT)*** | **2010(7 months) 1 *(in KT)*** | **%** |
| **Pulp production** | 1 140 | 1 126 | + 1,2 |
| **Paper and board production** | 5 160 | 5 249 | - 1,7 |
| - Graphic papers | 2 110 | 2 161 | - 2,4 |
| - Packaging grades | 2 360 | 2 415 | - 2,3 |
| - Hygiene | 430 | 422 | + 1,8 |

1 last available figures

**COUNTRY : .........GERMANY**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

Übernahme von Myllykoski durch UPM; und anschließende Schließung des Myllykoski-Werkes in Albbruck und der PM 3 in Ettringen

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| --- | --- | --- | --- |
|  | **2011 (7 months) *(in KT)*** | **2010 (7 months) 1 *(in KT)*** | **%** |
| **Pulp production** | 930 | 877 | +6,1 |
| **Paper and board production** | 13.392 | 13.323 | +0,5 |
| - Graphic papers | 5.684 | 5.799 | -2,0 |
| - Packaging grades | 6.005 | 5.875 | +2,2 |
| - Hygiene | 796 | 781 | +1,9 |

1 last available figures

**COUNTRY : ITALY**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months**

* On the side of costs the situation remain heavy: apart from recent reduction of virgin fibers chemicals and energy remain very high
* Paper market situation: ***Printing & Writing*** - good demand levels for LWC and MWC until the end of the year; some concerns for low demand of Coated WF; on ***Tissue*** side is referred some recent concern about jumbo demand; as for ***Specialties*** good situation during first part of the year, but the general economic situation is affecting the market at a global level.
* The reorganization process of Italian paper sector is still going on. Following the complex situation produced in the sector by the heavy 2008-2009 crisis, the paper chain recourse to social security caution (Cassa Integrazione) after the top during 2010, is now reducing, but remain at high levels.

**and main issues that the Industry is dealing with**

* **Energy** – At National level we are involved in the process that will introduce balancing gas market that should be implemented starting from 1st of December. Mill are facing very difficult situation in the national gas market: despite the decrease of the price of the Brent and despite a wide offer of natural gas (and no significant increase of demand) prices in the Italian gas market are very high, higher than others EU prices. This situation is due to the high power of market control of the incumbent.

Electricity prices are increasing very much due to RES policy: today the cost for RES is around 26 €/MWh and the total ancillary cost of electricity are more than 30€/MWh.

Finally Italia Authorities approved the supporter scheme for cogeneration.

* **ETS** – Companies are now applying for the new Emissions Trading Scheme for the period 2013-2020. A huge shortage of allowances for European paper mills due to the very stringent benchmarking mechanism and due to the auctioning for power generation. Despite European Union did not pushed for a more ambitious target of -30% in place of -20%, by 2020, still the system will strongly impact European energy intensive industries. Compensation measures are needed for companies exposed to international competition.
* **Due Diligence EU regulation** – Regulation on evaluating the risk of placing on the EU market wood or wood product illegally harvested will entry in force in 2014. It requires a due diligence system to be put in place. Concerns are due to the exclusion from the scope of the regulation of the printed products, which open the market to imported printed products and the administrative burden that will be required, especially for imported pulp.
* **BREF Report – no change respect to the situation of last April.**
* **European waste regulation** – **no change respect to the situation of last April.**
* **Communication** - Assocarta launched the sustainability campaign TwoSides with a press release on May 2011 sent to press agency, daily newspapers, magazines and specialized press with a very good result (over 50 advertising pages published to date).

**Key figures**



**COUNTRY : ....NETHERLANDS**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

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|  | **2011 (…6 months) *(in KT)*** | **2010(6 months) 1 *(in KT)*** | **%** |
| **Pulp production** |  |  |  |
| **Paper and board production** | 1.394 | 1.421 | -2,0% |
| - Graphic papers | 473 | 480 | -1,0% |
| - Packaging grades | 861 | 882 | -2% |
| - Hygiene | 60 | 59 | 2% |

1 last available figures

**COUNTRY : . PORTUGAL**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

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|  | **2011 (6 months) *(in KT)*** | **2010(6months) 1 *(in KT)*** | **%** |
| **Pulp production** | 1109 | 1009 | 9.9% |
| **Paper and board production** | 981 | 808 | 21.4% |
| - Graphic papers | 698 | 537 | 30.0% |
| - Packaging grades | 238 | 231 | 3.0% |
| - Hygiene | 45 | 40 | 12.5% |
| **P & B Exports** | 815 | 815 | 0.1% |
| **P & B Imports** | 398 | 399 | -0.3% |
| **P & B Consumption** | 485 | 485 | -0.1% |

1 last available figures

**COUNTRY : ...SPAIN..**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

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|  | **2011 (January -June) *(in KT)*** | **2010(January -June *(in KT)*** | **%** |
| **Pulp production** | 959 | 899 | 6,7 |
| **Paper and board production** | 3.195 | 3.106 | 2,9 |
| - Graphic papers | 816 | 809 | 0,8 |
| - Packaging grades | 1.582 | 1.535 | 3 |
| - Hygiene | 353 | 369 | -4,3 |
| - Others | 443 | 391 | 13,3 |
|  |  |  |  |
| **P & B Exports (1st Quarter)** | 746 | 758 | -1,6 |
| **P & B Imports (1st Quarter)** | 799 | 821 | -2,7 |
| **P & B Consumption (1st Quarter)** | 1.622 | 1.568 | 3,5 |

1 last available figures

**COUNTRY : ..........SWITZERLAND**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

**Mill closure (Sappi Biberist)**

**1 Machine stopped at Saber Swiss quality paper**

**Currency Problems (hard swiss franc)**

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|  | **2011 (6. months) *(in KT)*** | **2010(6 months) 1 *(in KT)*** | **%** |
| **Pulp production** | 0 | 0 |  |
| **Paper and board production** | 759 | 772 | -1,7 |
| - Graphic papers | 290 | 310 | -6,5 |
| - Packaging grades | 262 | 248 | -5,6 |
| - Hygiene | 81 | 90 | -10,0 |
| **P & B Exports** | 561 | 571 | -1,8 |
| **P & B Imports** | 535 | 545 | -1,8 |
| **P & B Consumption** | 759 | 772 | -1,7 |

1 last available figures

**COUNTRY : UNITED KINGDOM**

**Main events that occurred in the pulp and paper industry in your country (evolution of the markets, costs, profitability, new investments, closures…) over the last months and main issues that the Industry is dealing with in your country :**

The new SAICA Packaging board mill in NW England (capacity circa 400,000t) nears completion with production due to start before the end of the year. The opening was originally planned to coincide with the closure of the smaller SCA New Hythe mill but there has been around a two year gap between the closure of the old mill and the opening of the new. Clearly in the interim the recycled card displaced by the closure of New Hythe has found other markets, likely outside the UK; demand from the new mill is likely to disrupt the market. On the negative side DS Smith (the new name for St Regis) have announced the closure of Hollins mill in NW England, though additional investment at Kemsley (in SE England) means more a rationalization of production rather than a simple closure.

Other major investments include the continued construction of a biomass CHP to serve Tullis Russell in Scotland and the start of construction of the new biomass CHP at Iggesund in NW England.

Energy cost continues to be a key concern and especially new Government policies to increase costs both to encourage more low carbon generation and also to directly increase tax revenue from industrial energy use.

In common with other Countries the sector has been providing verified emissions figures to inform the allocation of allowances for EU ETS Phase III. Preliminary results suggest the sector will be in the region of 30% short of the allowances required compared to business as usual. Sites allocated via product benchmarks with fossil fuel CHP have done particularly badly.

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|  | **2011 (6 months) *(in KT)*** | **2010 (6 months) 1 *(in KT)*** | **%** |
| **Pulp production** | 118 | 112 | +5,4 |
| **Paper and board production** | 2.192 | 2.156 | +1,7 |
| - Graphic papers | 836 | 811 | +3,1 |
| - Packaging grades | 828 | 828 | no change |
| - Hygiene | 378 | 369 | +2,4 |
| **P & B Exports** | 503 | 474 | +6,2 |
| **P & B Imports** | 3.454 | 3.579 | -3,5 |
| **P & B Consumption** | 5.164 | 5.283 | -2,3 |

(data in red provisional)