

UTIPULP GENERAL MEETING
Nice – September 21st, 2012

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 :

- Austria follows the general trend: graphics are slowly decreasing, packaging is growing, some specialties see nice growth
- There is more investment in 2012: new paper machine in Pöls, improved energy generation in Frantschach, etc
- Wood supply remains a problem
- Energy efficiency law (EU directive) in Sep.

Last available figures

	2012 (6. months) (in KT)	2011 (6 months) (in KT)	Δ%
Pulp production	1006	1005	0,1
Paper and board production	2499	2497	0,1
P & B Exports	2187	2138	2,3
P & B Imports			
P & B Consumption	971	1103	-12,0 <i>prelim</i>

COUNTRY : BELGIUM

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 :

- 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
- High energy prices
- Productivity rather good

Last available figures			
	2012 (8 months) <i>(in KT)</i>	2011 (8 months) <i>(in KT)</i>	Δ%
Pulp production	323.000	344.000	-6.1
Paper and board production	1.343.000	1.327.000	+1.2
- Graphic papers	970.000	968.000	-
- Packaging grades + others	301.000	291.000	+3.4
- Hygiene	72.000	68.000	+5.9

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 :

The French paper production has been reduced by 6.7 % over the last 7 months compared with 2011, especially in graphic papers. The figures of the packaging grades have been worsened, following an environmental accident in July and August 2012.

The paper and board exports inside Europe are on a reduction tendency, the contrary for outside Europe. There is an uncertainty about the internal consumption for the months to come; a compensation of the reduction occurred in 2011 is very uncertain.

We can expect in the next months the closure of several companies in difficulties, currently in periods of probation or legal procedures.

COPACEL noted a significant difference in the development of the French pulp and paper industry compared with other European countries, especially Germany. A benchmarking study is currently being done with regard to the competitiveness factors.

Last available figures			
	2012 (7 months) <i>(in KT)</i>	2011 (7 months) <i>(in KT)</i>	Δ%
Pulp production	1 085	1 141	-4.9
Paper and board production	4 812	5 158	-6.7
- Graphic papers	1 869	2 107	-11.3
- Packaging grades	2 256	2 360	-4.4
- Hygiene	429	429	0

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.

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Key figures

	2010 (12 months) (in KT)	2011 (12 months) (in KT)	Δ%
Pulp production	1524	1562	3
Paper and board production	23062	22690	-2
- Graphic papers	10038	9634	-4
- Packaging grades	10203	10211	0
- Hygiene	1343	1371	2
P & B Exports	14019	13670	-2
P & B Imports	11194	10780	-4
P & B Consumption	20237	19800	-2

	2011 (7 months) (in KT)	2012 (7 months) (in KT)	Δ%
Pulp production	930	924	-1
Paper and board production	13419	13192	-2
- Graphic papers	5675	5314	-6
- Packaging grades	6034	6173	+2
- Hygiene	799	816	+2

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

- **Costs** – Heavy situation particularly on the side of energy (see below).
- Paper market situation is obviously affected by the general economic climate:
 - Printing & Writing** – Activity generally inferior to expectations. Prices are reducing both for Coated and Uncoated.
 - Tissue** – consumer qualities volumes growing moderately and prices stable during Q3; some improvement in prices was achieved selecting customers. As for *professional* grades, more difficult situation in Europe, particularly in Italy and Spain.
 - Specialties** – stable volumes with difficulty, working on mix -when possible- to limit prices reductions
- **Reorganization process of Italian paper sector is proceeding**, due to the persisting complex general economic climate: some stops in production due to insufficient demand, some acquisitions / selling of activities. Paper chain recourse to social security caution (Cassa Integrazione) is over the maximum level reached on 2010.

and main issues that the Industry is dealing with

- **Energy** –Electricity and gas prices are still higher in Italy than other EU countries. Looking at **gas**, October Italian prices are expected to be 4 €/MWh higher than European averages. Due to this “structural” situation the national Antitrust Authority asked Eni to introduce measures in the market to increase availability of unused import capacity. These measures were accepted at the beginning of September and now we have to check effects on market price. As for **electricity**, prices are really high too and more and more increasing, due to RES policy. The tariff to support RES rose from 8 euro/MWh in 2005 till 50 euro/MWh. We are now working on a new mechanism to reduce these costs for energy intensive industries.
- **ETS** – Preliminary allocation for the ETS for the period 2013-2020 have been presented. Italian paper industry has a huge shortage of allowances (30 less than needed). Furthermore, the EU Commissions is pushing for raising the price of CO2 allowances, asking for a postponement of part of the credits that are planned to be auctioned in the next two years. In the meantime few countries (UK, Germany, Norway) have already announced compensation measures for companies exposed to international competition. Paper sector has been declared eligible for those compensations.
- **Due Diligence EU regulation** will entry in force in 5 months from now. It requires a due diligence system to be put in place. Clarification are now near to come from the EU Commissions on some relevant aspect as the role of forest certification, the fact that the regulation requires the due diligence to the first owner of the material after custom clearance and the treatment of composite materials, as pulp and paper.
- **IPPC** - the revision of BREF Report is coming in a topic stage. A second draft was circulated last spring and 1400 comments were received by the Seville office which is taking care of the work. The new BREF will affect the environmental authorisation of pulp and paper mills in the next years and emissions limits proposed up to now are now very demanding.
- **Communication** – Very good results for both TwoSides and Print Power launched by Assocarta in 2010 and 2011: 2 million Euros of free advertising pages published up to now thanks to publishers and to the common support of the full chain of the Italian communication chain.

Key figures

1.000 Tons	2011	2012	2012/2011%
Pulp Production (woodpulp) - 7 months	245	235	-4,0
Paper and Board Production - 7 months	5.647	5.303	-6,1
-Graphic papers	1.880	1.809	-3,8
-Packaging grades	2.629	2.387	-9,2
-Household and sanitary papers	883	884	0,1
-Others	255	222	-12,8
Paper and Board Exports - 6 months	1.882	1.822	-3,2
Paper and Board Imports - 6 months	2.650	2.539	-4,2
Paper and Board Consumption - 6 months	5.583	5.228	-6,4
<i>Official figures from ISTAT (Italian Institute of Statistics)</i>			

P&B Turnover – Jan-July 2012/Jan-July 2011: -8,2%

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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Last available figures			
	2012 (7 months) (in KT)	2011 (7 months) (in KT)	Δ%
Pulp production	NA	NA	
Paper and board production	1 612	1 630	-1.0
- Graphic papers	539	548	-2.0
- Packaging grades	1 000	1 012	-1.0
- Hygiene	73	70	+4.0

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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Last available figures			
	2012 (6 months) (in KT)<i>estimated</i>	2011 (6 months) (in KT)	Δ%
Pulp production	1480	1 482	-
Paper and board production	1250	1 250	-
- Graphic papers	1000	1 001	-
- Packaging grades	210	214	-2.0
- Hygiene	35	35	-
P & B Exports	165	165	-
P & B Imports	398	398	-
P & B Consumption	103	103	-

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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Last available figures			
	2012 (6 months) (in KT)	2011 (6 months) (in KT)	Δ%
Pulp production	965,2	963,4	0,2
Paper and board production	3098,9	3209,5	-3,5
- Graphic papers	782,4	816,5	-4,2
- Packaging grades	1504,8	1582	-4,9
- Hygiene	372,6	367,8	1,3
P & B Exports	1579,5	1473,9	7,2
P & B Imports	1541,8	1632,4	-5,5
P & B Consumption	930,8	881,9	5,5

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 UK is still in recession and markets are difficult. One large mill is due to close this year. Energy prices are still high and the Government's plans for carbon pricing will make our electricity even more expensive. Investments in biomass CHP at two large mills are proceeding with start-up planned for 2013.

Last available figures			
	2011 (6months) (in KT)	2012 (6 months) (in KT)	Δ%
Pulp production	n/a	n/a	
Paper and board production	2,192.3	2,192.2	0.0
- Graphic papers	835.5	802.3	-4.0
- Packaging grades	827.9	846.8	+2.3
- Hygiene	378.1	391.4	+3.5
P & B Exports	503.2	590.7	+17.4
P & B Imports	3,494.9	3,336.5	-4.5
P & B Consumption	5,174.6	5,012.1	-3.1