

UTIPULP GENERAL MEETING
Barcelona – September 15th, 2017

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 Austria:

KEY FIGURES

In 1000 tonnes	HY 2016	HY 2017	Δ%
Pulp production	1051	1053	0,2%
Paper and board production	2470	2476	0,2%
- Graphic papers	1353	1332	-1,6%
- Packaging grades	957	992	3,6%
- Specialties	160	152	-4,8%

KEY POINTS OF THE PULP AND PAPER INDUSTRY

Comment

- Generally speaking the paper situation in Austria is good
- Rescue plan for additional beetle wood on the way.
Co-operation between Forest and Industry necessary because of dry hot summer.
- Pulp: mechanical is going down, as Laakirchen stopped their TMP. Chemical is going well, especially dissolving.
Paper: resembles European situation, graphic is weak, but packaging growing.
- The largest investment currently running in Austria are
a new H&P generator for [Mayr-Melnhof](#) in Frohnleiten (50m €)
rebuild of PM 10 in [Laakirchen](#), to make RCCM in the future (100m €)
pulp extension in [Lenzing](#) (50m €)
[Sappi](#) Gratkorn connected to Graz regional heating (20m €)
- New announcements are:
new PM 3 for [Zellstoff Pöls](#), making additional 100.000 tonnes of kraft paper (2019)
major improvements to energy generation plant at Nettingsdorf, [SmurfitKappa](#) (2022)
- The competition for wood continues, with pulp mills (cascade) on the one side, and energy (direct combustion) on the other. Austropapier is calling for a redesigned Austrian Eco energy act, which regulates funding for biomass burners.
National elections in Austria mid-October. Paper industry lobbys for a substantial novella still this year.

COUNTRY: BELGIQUE

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 Belgium:

Key figures

	2016 (6 months) (in KT)	2017 (6 months) (in KT)	Δ%
Pulp production	238.032	260.209	
Paper and board production	1.014.606	1.044.840	
- Graphic papers	723.436	735.746	
- Packaging grades	233.815	251.319	
- Hygiene + others	57.355	57.775	

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 France:

Key figures

	2016 (6 months) (in KT)	2017 (6 months) (in KT)	Δ%
Pulp production	868	882.5	+1.7
Paper and board production	4091.3	4027.4	-1.6
- Graphic papers	1181.4	1124.2	-4.8
- Packaging grades	2262.7	2260.8	-0.1
- Hygiene	425.1	415	-2.4

Comments:

- New paper machine installed at the Europafi mill in Vic-le-Compte, a European public fiduciary center. The paper machine has a width of 2.55 meters and will go into production at the end of 2017.
- Ahlstrom-Munksjö will invest in new production capacity at its Saint Severin plant in France in order to meet the growing demand for genuine vegetable parchment (GVP). The investment includes installing a new parchmentizer line as well as the building hosting it and a warehouse at the site. The project will be completed in the fourth quarter of 2018.

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 Germany :

Key figures

	2016 (6 months) (in KT)	2017 (6 months) (in KT)	Δ%
Pulp production	1.269	1.225	-3,5
Paper and board production	11.351	11.408	+0,5
- Graphic papers	4.191	4.092	-2,3
- Packaging grades	5.706	5.830	+2,2
- Hygiene	743	752	+1,2

Europäische Kapazitätsdatenbank Kapazitätsentwicklung Zeitraum: 2016 bis 2020

Landgruppe: Europe		Status: nicht spezifiziert		Kategorie: nicht spezifiziert	
Land: Germany		Hauptgruppe: nicht spezifiziert		Sorte: nicht spezifiziert	
Umsatzwerte in Mio.€			Bonn, den 11.09.2017		
Status	Firma	Standort	Land	Sorte	Produktion
2016				Gesamtergebnis:	-299.000
1 Startup					250.000
Packaging					250.000
Dezember	Schoellershammer	Düren	Germany	Recyded	250.000
2 Rebuilds					35.000
Packaging					35.000
Oktober	Smurfit Kappa	Zülpich	Germany	Recyded	35.000
3 Closure PM					-113.000
Graphic paper					-113.000
Dezember	UPM	Augsburg	Germany	SC	-113.000
4 Shut					-471.000
Graphic paper					-200.000
Mai	Papierfabrik Walsum	Walsum	Germany	LWC-Paper	-200.000
Packaging					-41.000
Juni	Hartmann	Schwedt	Germany	Moulded products	-6.000
September	Schuster	Hebertshausen	Germany	Carton Board	-35.000
Pulp					-230.000
Mai	Papierfabrik Walsum	Walsum	Germany	Holzstoff (CMP,	-230.000
2017				Gesamtergebnis:	23.000
2 Rebuilds					363.000
Packaging					363.000
Januar	Hamburger	Gelsenkirchen	Germany	Testliner, White	50.000
März	Hamburger	Spremberg	Germany	Testliner, White	20.000
März	Jass	Fulda	Germany	Recycled	138.000
Juni	Schoellershammer	Düren	Germany	Recycled	30.000
Juni	DS Smith	Aschaffenburg	Germany	Recycled	55.000
Oktober	DS Smith	Witzenhausen	Germany	Recycled	70.000
3 Closure PM					-280.000
Graphic paper					-280.000
Juni	Leipa	Schwedt Nord	Germany	Newsprint	-280.000
4 Shut					-60.000
Packaging					-60.000
März	Viersen Paperboard	Viersen	Germany	Carton Board	-60.000

Landgroup Europe enthält folgende Länder:
Albanien, Andorra, Belgien, Bosnien - Herzegowina, Bulgarien, Ceuta, Ceuta und Melilla, Dänemark, Deutschland, Estland, Färöer, Finnland, Frankreich, Gibraltar, Griechenland, Großbritannien, Insel Man, Irland, Island, Italien, Kanarische Inseln, Kosovo, Kroatien, Lettland, Lichtenstein, Litauen, Luxemburg, Malta, Mazedonien, Meilla, Moldau, Monaco, Montenegro, Niederlande, Norwegen, Österreich, Polen, Portugal, Rumänien, Rußland, San Marino, Schweden, Schweiz, Serbien, Slowakei, Slowenien, Spanien, Svalbard, Tschechische Republik, Türkei, Ukraine, Ungarn, Vatikanstadt, Weißrussland, Zypern

2018					Gesamtergebnis:	560.000
1 Startup						
Packaging						
Juni	Hamburger	Spremberg	Germany	Testliner, White		
2 Rebuilds						560.000
Packaging						550.000
Januar	Mayr-Melnhof	Gernsbach	Germany	Carton Board		100.000
März	Leipa	Schwedt Nord	Germany	Testliner, White		450.000
Other Paper						10.000
Dezember	Metsä Tissue	Düren	Germany	Baking and cooking		10.000
2020					Gesamtergebnis:	100.000
1 Startup						
Packaging						100.000
Dezember	August Koehler	Kehl	Germany	Flexible packaging		100.000
						384.000

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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
and main issues that the Industry is dealing with in Italy :

Key figures

Paper & Board -KT	2016	2017	2017/2016 %
Pulp Production - 6 months	198	198	0,3
Paper and Board Production - 6 months	4.640	4.623	-0,4
-Graphic papers	1.353	1.330	-1,7
-Packaging grades	2.287	2.297	0,4
-Hygiene	771	772	0,1
-Others	229	224	-2,2
Paper and Board Export - 5 months	1.641	1.710	4,2
Paper and Board Import - 5 months	2.205	2.236	1,4
Paper and Board Consumption - 5 months	4.433	4.360	-1,7

Elaborazioni Assocarta su dati ISTAT

Turnover 2017 6 months: -0,3% respect to 6 months 2016

Paper markets and Costs

- **P&W** – demand and production on good levels both for *Coated* and *Uncoated*; difficulties on prices side, mainly for coated and margins still unsatisfactory due to raw materials (latex and pulp) prices increases
- **Specialty papers** – overall moderately satisfactory situation
- **Tissue** - *Consumer tissue and AfH*: good demand and production activity in general, but difficulties on economic situation probably due to recent start-up in Europe; *Jumbo Roll*: slightly better situation thanks to little availability in Europe
- **Pulp costs** – many concerns about rising pulp prices and relative effects in terms of margins and competitiveness for Italian industry
- **Rising costs for other raw materials** - especially latex
- **Energy costs** - on Jan-July 2017 *Electricity* average market price is higher than previous year (+18%) due to French shortage of electricity for maintenance of many nuclear power plants during the first part of the year and to lack of water during summer. Prices are now quite stable but they remain still higher than 2016. Spot electricity prices are highest in Italy than in main EU countries: 50 €/MWh in Italy vs 35 €/MWh (medium spot price of July 2017 in main EU exchanges).
Gas price is quite stable (lightly decreasing) as in the main EU countries. However Italian levels are still higher than northern Europe market prices (more than 2 €/MWh).

Main issues that the Industry is dealing with

- **MES to China and TDIs modernization** – Great attention of Assocarta and her members for the evolution of these two issues which could impact very heavy on the competitiveness of European Paper Industry
- **Coated Fine Paper** -anti-dumping/anti-subsidy duties against import from China were confirmed by EU Commission on last July (Implementing Regulation nn. 1187 and 1188 –OJ n. L171 of July 4th). Measures of duties, which will remain in force during next 5 years, are the same of previous imposition (May 2011).
- **Advertising** – at the end of last June a **credit tax for incremental advertising investments** was introduced by Italian Government. Even if an implementation decree is needed, this is a relevant measure for Italian paper chain which on 2018 could reverse the negative trend of advertising investments in newspapers and magazines
- **Energy** – Regarding national legislation on energy intensive industries, a law project introducing new tariff reduction for energy intensive industries both on electricity and natural gas has been presented. Government is also studying measures to reduce gas price gaps between Italy and North Europe.

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 Netherlands :

Key figures

	2016 (6 months) (in KT)	2017 (6 months) (in KT)	Δ%
Pulp production			
Paper and board production	1322	1469	11%
- Graphic papers	385	346	-10%
- Packaging grades	880	1068	21%
- Hygiene	57	55	-4%

Remark: In August 2016 Parenco started up with the production of case materials

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 UK :

Key figures

	2016 (6 months) (in KT)	2017 (6 months) (in KT)	Δ%
Pulp production	n/a	n/a	
Paper and board production	1833.5	1911.8	+4.3
- Graphic papers	462.8	433.9	-6.2
- Packaging grades	880.9	963.1	+9.3
- Hygiene	361.5	381.1	+5.4