UTIPULP GENERAL MEETING
Vienna – April 20th, 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

- Sluggish economy
- Rising costs (esp wood, Rec paper, energy)
- Low investment, only in energy efficiency
- Closure of the small Wagner board mill
- Hallein pulp taken over by Schweighofer

and main issues that the Industry is dealing with.

- Austrian austerity package (incl corporate taxes, energy taxes)
- European 20/20/20 goals
- Turning Roadmap 2050 into action
- Finding young and able labour force

Key figures

	2010 (12 months) *(in KT)*	**2011 (12 months)** *(in KT)*	**Δ%**
Pulp production	1984	2005	1,1
Paper and board production	5009	4901	-2,2
- Graphic papers			-2,5
- Packaging grades			-2,3
- Hygiene			1,1
P & B Exports	4293	4217	-1,8
P & B Imports	1457	1463	0,4
P & B Consumption	2201	2159	-1,9

	2011 (Feb) *(in KT)*	**2012 (Feb)** *(in KT)*	**Δ%**
Pulp production	270	279	3,3
Paper and board production	800	790	-1,2
P & B Consumption			

[1] last available figures

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.

- 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

Key figures

	2010 (12 months) *(in KT)*	**2011 (12 months)** *(in KT)*	**Δ%**
Pulp production	498 400	503 350	1.0
Paper and board production	1 974 000	1 960 600	-0.1
- Graphic papers	1 457 600	1 427 200	-2.0
- Packaging grades + others	420 000	443 600	5.6
- Hygiene	96 400	89 800	-6.8
P & B Exports	1 553 000	Na	
P & B Imports	2 885 000	Na	
P & B Consumption	3 291 000	Na	

	2011 (3 months) *(in KT)*	**2012 (3 months)** *(in KT)*	**Δ%**
Pulp production	127 100	124 000	-2.5
Paper and board production	489 900	498 400	1.7
- Graphic papers	356 700	360 700	1.1
- Packaging grades + others	110 500	112 500	1.8
- Hygiene	22 700	25 200	11.0

[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.

Key figures

	2010 (12 months) *(in KT)*	**2011 (12 months)** *(in KT)*	**Δ%**
Pulp production	1 919	1 927	0.4
Paper and board production	8 830	8 527	-3.4
- Graphic papers	3 632.1	3 431.5	-5.5
- Packaging grades	4 043.7	3 934.7	-2.7
- Hygiene	727.6	731.4	0.5
P & B Exports	4 814	4 753	-1.3
P & B Imports	5 908	5 887	-0.3
P & B Consumption	9 924	9 661	-2.6

	2011 (2 months) *(in KT)*	**2012 (2 months)** *(in KT)*	**Δ%**
Pulp production	304.9	302.8	-0.7
Paper and board production	1 451.2	1 351.9	-6.8
- Graphic papers	584.1	514.9	-11.8
- Packaging grades	676.3	645.5	-4.6
- Hygiene	117.2	120.8	3.0

[1] last available figures

COUNTRY : GERMANY

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 (2 months) *(in KT)*	2012 (2 months) *(in KT)*	Δ%
Pulp production	254	265	4
Paper and board production	3721	3702	-0
- Graphic papers	1575	1481	-6
- Packaging grades	1676	1745	+4
- Hygiene	221	229	+4

[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 due to very high levels and new rising trends shown by prices of virgin and recycled fibers and chemicals. Energy costs are very high too (see below).
- Paper market situation is obviously affected by the general economic climate:
  Printing & Writing – satisfactory demand levels for *LWC and MWC* in 1st part of year; *Coated WF*: better situation than expected in Q1, some concern for Q2; *Uncoated*: good demand in Q1.
  Tissue - stable situation on Q1 but without peaks which are normal in January-February periods
  Specialties – in line with expectations.
- As for the reorganization process of Italian paper sector, the recent Lucart Group acquisition of Georgia Pacific 2 mills is to remember. Due to the general complex situation produced in the sector since the first phase of the crisis and widened after last summer, the paper chain recourse to social security caution (Cassa Integrazione) is now growing again.

and main issues that the Industry is dealing with

- **Energy** – Energy prices, and gas prices in particular, are very high in Italy. Looking at **gas**, Italian prices are 10 €/MWh higher than European averages. This situation is really heavy: Gas Intensive, the consortium -promoted by Assocarta- representing Italian main industry gas users, presented to national Antitrust Authority a notification underlining the low capacity utilization ratio of the pipelines that connect Italy to Europe (TAG and Transitgas) in comparison with high prices situation. Antitrust opened an inquiry on it, which is now in process.
  As for **electricity,** prices are really high too and more and more increasing due to RES policy: during last update of the A3 component value (which finances RES policy), Energy Authority decided to stop such increases asking the Government for urgent decision to reduce such component.
- **ETS** – Companies are now applying for the new ETS 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. Paper sector seems to be eligible for those compansations.
- **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 one year from now. 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.
- **Communication** – Very good results of the sustainability campaign TwoSides, launched by Assocarta on last May: over 500 advertising pages published up to now.

Key figures

1.000 Tons	2010	2011	2011/2010 %
Pulp Production (woodpulp) - 12 months	395	402	1,8
Paper and Board Production - 12 months	9.087	9.130	0,5
-Graphic papers	3.034	3.052	0,6
-Packaging grades	4.261	4.169	-2,2
-Household and sanitary papers	1.389	1.502	8,1
-Others	403	407	1,1
Paper and Board Exports - *12 months*	3.581	3.622	1,2
Paper and Board Imports - *12 months*	5.282	5.167	-2,2
Paper and Board Consumption - *12 months*	10.788	10.675	-1,0
Official figures from ISTAT (Italian Institute of Statistics)			

Jan-Feb 2012/Jan-Feb 2011

P&B production : -7,4%

COUNTRY : THE NETHERLANDS

Key figures

	2010 (12 months) *(in T)*	2011 (12 months) *(in T)*	∆%
Paper and board production	2 862 500	2 748 000	-4.0
- Graphic papers	965 305	946000	-2.0
- Packaging grades	1 769 470	1 681 000	-5.0
- Hygiene	117 475	121 000	3.0

	2011 12 m. (t)	***% 2011/10***
Newsprint	253 000	5%
Uncoated graphic	229 000	-2%
Coated graphic	464 000	-6%
Total graphics	946 000	-2%
Case material	868 000	-2%
Carton boards	113 000	-11%
Wrappings	57 000	0%
Other packaging	643 000	-9%
Total packaging	1 681 000	-5%

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.

These figures are the result of the completion of heavy industrial investments that started 5 years ago, like the new Portucel Soporcel´s paper machine and the doubling of Celbi´s pulp production capacity.
Probably, the biggest issue we are dealing with is the wood availability that is making companies starting to import some wood.

Key figures

	2010 (12 months) *(in KT)*	2011 (12 months) *(in KT)*	Δ%
Pulp production	2271	2454	8.0%
Paper and board production	2036	2098	3.0%
- Graphic papers	1431	1530	7.0%
- Packaging grades	486	454	-6.6%
- Hygiene	117	112	-4.3%
P & B Exports	1890	1974	4.4%
P & B Imports	996	849	-14.8%
P & B Consumption	1265	1102	-12.9%

COUNTRY : SPAIN

Key figures

	2010 (12 months) *(in KT)*	2011 (12 months) *(in KT)*	Δ%
Pulp production	1864,9	1976	6
Paper and board production	6193,4	6202,6	0,1
- Graphic papers	1632,2	1582	-3,1
- Packaging grades	3056,4	3044,3	0,4
- Hygiene	713,2	733,8	2,9
- Other	791,4	842,6	6,5
P & B Exports	3062,4	2955,3	-3,5
P & B Imports	3316,9	3180,4	-4,1
P & B Consumption	6447,9	6427,7	-0,3

	2011 (Jan-Feb.) *(in KT)*	2012 (Jan-Feb.) *(in KT)*	Δ%
Pulp production	336,9	339,6	0,8
Paper and board production	1019,2	1005,4	-1,3
- Graphic papers	269,4	252,6	-6,2
- Packaging grades	490,4	491,9	0,3
- Hygiene	120,2	122,4	1,8
- Other	139,4	138,5	-0,6

[1] last available figures

COUNTRY : UNITED KINGDOM

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

<u>and main issues</u> that the Industry is dealing with.

Production issues – new sites – Palm (newsprint) has been in operation since August 2010; the new Saica Mill (light-weight packaging) opened in January – both use 100% recycled fibre. Biomass CHP continue construction at Iggesund (virgin packaging) and Tullis Russell (packaging, graphics).
Overall 2011 carbon emissions are circa 3% lower than in 2010, the general feedback being this represents a good proxy for the overall market.
No mill closures, though the closure of DS Smith Hollins (packaging) is confirmed. The recycled de-inked pulp (wetlap) produced at Kemsley currently exported to closing M Real Alizay in France will in future be used at Kemsley to make product currently produced at Hollins.
In the tissue market, the impact of the SCA takeover of the two UK Georgia Pacific mills is not clear. The DS Smith takeover of SCA Packaging will have little short term impact in the UK as most purchased SCA assets are outside the UK.

<u>Key figures</u>

	2010 (12 months) ***(in KT)***	**2011 (12 months)** ***(in KT)***	**Δ%**
Pulp production	n.a.	n.a.	
Paper and board production	4,300	4,341	+1.0
- Graphic papers	1,637	1,669	+1.0
- Packaging grades	1,640	1,600	-2.4
- Hygiene	729	765	+4.9
P & B Exports	926	974	+5.1
P & B Imports	7,254	6,887	-5.1
P & B Consumption	10,657	10,206	-4.2

	2011 (1 month) ***(in KT)***	**2012 (1 month)** ***(in KT)***	**Δ%**
Paper and board production	374	360	-3.7
- Graphic papers	141	139	-1.0
- Packaging grades	144	134	-7.2
- Hygiene	64	64	=
P & B Exports	77	84	+10.3

[1] last available figures