

UTIPULP GENERAL MEETING
Lisbon – April 19th, 2013

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.

- Graphic papers in Austria grew in 2012 (against Cepi trend) – after closures abroad production was shifted to some Austrian mills
 - There was more investment in 2012: new PM 2 in Pöls started, improved energy generation in Frantschach, etc
 - rebuild of pulp production in Hallein finished – was sulfite pulp, is now dissolving pulp
 - Wood supply remains a problem in Austria
 - Energy efficiency law (EU directive) in parliament currently.
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Key figures

	2011 (12 months) <i>(in KT)</i>	2012 (12 months) <i>(in KT)</i>	Δ%
Pulp production	2005	2027	1,1
Paper and board production	4901	5004	2,1
- Graphic papers	2705	2813	4,0
- Packaging grades	1921	1917	-0,2
- Specialities	275	274	-0,6
P & B Exports	4217	4362	3,4
P & B Imports	1460	1386	-5,0
P & B Consumption	2143	2028	-5,4

	2012 (2 months) <i>(in KT)</i>	2013 (2 months) <i>(in KT)</i>	Δ%
Pulp production			-1.7
Paper and board production			-1.9

¹ last available figures

COUNTRY : FRANCE

Key figures

	2011 (12 months) (in KT)	2012 (12 months) (in KT)	Δ%
Pulp production	1927	1815	-5.8
Paper and board production	8527	8040	-5.7
- Graphic papers	3432	3086	-10.1
- Packaging grades	3935	3791	-3.7
- Hygiene	732	734	+0.3
P & B Exports			
P & B Imports			
P & B Consumption			

	2012 (2 months) (in KT)	2013 (2 months) (in KT)	Δ%
Pulp production	302.8	276.9	-8.5
Paper and board production	1359.7	1314.4	-3.3
- Graphic papers	514.9	476.5	-7.5
- Packaging grades	645.5	636.6	-1.4
- Hygiene	128.6	130	1.1

COUNTRY : GERMANY

Key figures

	2011 (12 months) (in KT)	2012 (12 months) (in KT)	Δ%
Pulp production	1562	1592	2
Paper and board production	22706	22600	0
- Graphic papers	9632	9180	-5
- Packaging grades	10213	10510	3
- Hygiene	1377	1399	2
P & B Exports	13483	13523	0
P & B Imports	11032	10931	-1
P & B Consumption	20255	20008	-1

	2012 (2 months) (in KT)	2013 (2 months) (in KT)	Δ%
Pulp production	265	261	-2
Paper and board production	3704	3639	-2
- Graphic papers	1481	1423	-4
- Packaging grades	1745	1724	-1
- Hygiene	229	233	2

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 and paper market** - The situation remain heavy, due to rising costs of raw materials and the great difficulty to adequate paper prices because of the very weak demand, affected by the general economic and politic framework.
- **Reorganization and rationalization process** of Italian paper sector is proceeding with stops in production (no newsprint production in Italy since last February), mergers, acquisitions. Paper chain recourse to social security caution (Cassa Integrazione) is growing respect to 2012 levels (+24% in 1st 3 months).

and main issues that the Industry is dealing with

- **Energy – Electricity** price is still higher in Italy than other EU countries due to commodity price which is still higher (20-30%) but also to electricity fares due to RES (Renewable Energy System) policy (tariffs to support RES rose from 8 euro/MWh in 2005 till 50 euro/MWh and they can rise more in the next months). We are working on a new mechanism to reduce these costs for energy intensive and the first decree to define energy intensive industries was adopted last week. Looking at **gas**, during last months Italian price was aligned to EU price especially cause of the crisis (demand of gas is still decreasing). We are working on measures to assure EU gas price in Italy also in the future.
- **ETS** – Strong concern about the initiative by the EU Commission to postpone the allocation of part of the emissions quotas, c.d. backloading. This should distort the market forcing an increase of costs for the paper sector.
- **Timber Trade Regulation** - just entered in force, still some doubt about how to apply the due diligence. The paper sector seems in any case the best placed but there is a risk of an increase of administrative burdens.
- **Industrial Emissions Directive** - Next week there will be the final discussion about the revision of the BREF Report, the reference technical report for the environmental authorizations for European pulp and paper mills. The document improved thanks to the Industry involvement but few points of concern still remains

Key figures

1.000 Tons	2011	2012	2012/2011%
Pulp Production (woodpulp) - 12 months	402	376	-6,4
Paper and Board Production - 12 months	9.042	8.588	-5,0
-Graphic papers	3.047	2.905	-4,6
-Packaging grades	4.178	3.893	-6,8
-Household and sanitary papers	1.406	1.410	0,3
-Others	410	379	-7,6
Paper and Board Exports - 12 months	3.623	3.630	0,2
Paper and Board Imports - 12 months	5.172	4.914	-5,0
Paper and Board Consumption - 12 months	10.591	9.871	-6,8
<i>Official figures from ISTAT (Italian Institute of Statistics)</i>			

P&B Turnover –2012/ 2011: -7%

2013- Production: Jan 2013/Jan 2012: -0,9%

COUNTRY : NETHERLANDS

Key figures

	2011 (12 months) (in KT)	2012 (12 months) (in KT)	Δ%
Pulp production	00	00	
Paper and board production	2748	2761	0%
- Graphic papers	946	924	-2%
- Packaging grades	1681	1713	2%
- Hygiene	121	124	2%

COUNTRY : PORTUGAL

Key figures

	2011 (12 months) (in KT)	2012 (12 months) (in KT)	Δ%
Pulp production	2449.6	2257.6	7.8%
Paper and board production			
- Graphic papers	1530	1531	0.1%
- Packaging grades	454	462	1.8%
- Hygiene	112	105	3.5%
P & B Exports	1850	1861	0.6%
P & B Imports	979	962	1.7%
P & B Consumption	1096	1106	0.9%

	2012 (3 months) (in KT)	2013 (3 months) (in KT) estimated	Δ%
Pulp production	565	568	0.5%
Paper and board production			
- Graphic papers	366	367	0.3%
- Packaging grades	114	114	--
- Hygiene	29	29	--
P & B Exports	463	465	0.4%
P & B Imports	245	244	0.3%
P & B Consumption			

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.

The Spanish economy continue under severe pressure due to low consumption, high unemployment and lack of financing for private and corporate investors. Under this situation exports of good has become one of the pillars to sustain the national economy.

As far as the pulp and paper industry is concerned, 2012 production keep similar levels that the two previous years despite the severe fall in consumption (-4.2%) due to lower imports. However, profits are under severe pressure due to cost increases both in raw materials and energy. A new energy tax is in force since beginning 203 hardly penalizing energy intensive industries. Both electricity production and gas consumption is taxed.

Investments in 2012 have been very limited. One new PM for specialty papers is under construction. Two small companies halted paper production during 2012.

Key figures

	2011 (12 months) <i>(in KT)</i>	2012 (12 months) <i>(in KT)</i>	Δ%
Pulp production	1976,0	1980,6	0,2%
Paper and board production	6202,6	6176,8	-0,4%
- Graphic papers	1582,0	1545,1	-2,3%
- Packaging grades	3221,0	3196,5	-0,7%
- Hygiene	733,8	731,8	-0,3%
P & B Exports	2955,3	2957,0	0,1%
P & B Imports	3180,4	2938,2	-7,6%
P & B Consumption	6427,7	6157,9	-4,2%

	2012 (2 months) <i>(in KT)</i>	2013 (2 months) <i>(in KT)</i>	Δ%
Pulp production	338,9	339,9	0,3%
Paper and board production	1012,5	1000,1	-1,2%
- Graphic papers	252,6	249,8	-1,1%
- Packaging grades	527,0	511,1	-3%
- Hygiene	122,4	121,6	-0.6%
P & B Exports	-	-	
P & B Imports	-	-	
P & B Consumption	-	-	

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.

Main events; full production of the new Saica packaging mill reached (see production below) offset by the closure of a smaller DS Smith mill. Construction continuing on new biomass CHP for Iggesund & Tullis Russell with a number of other projects under consideration. These changes being driven (in part) by Government policies to drive up the cost of fossil carbon when used to generate electricity.

Waiting for details of compensation package for EU ETS electricity costs and have just agreed a new phase of Climate Change Agreements securing reduced energy taxation.

Key figures

	2011 (12 months) (in KT)	2012 (12 months) (in KT)	Δ%
Pulp production	n/a	n/a	
Paper and board production	4342.1	4415.9	+1.7
- Graphic papers	1668.6	1615.6	-3.2
- Packaging grades	1599.9	1733.9	+8.4
- Hygiene	766.1	786.2	+2.6
P & B Exports	973.7	1143.1	+17.4
P & B Imports	6903.8	6590.6	-4.5
P & B Consumption	10240.6	9955.2	-2.8

	2012 (1 month) (in KT)	2013 (1 month) (in KT)	Δ%
Pulp production	n/a	n/a	
Paper and board production	360.4	388.6	+7.8
- Graphic papers	139.1	136.7	-1.7
- Packaging grades	133.6	157.3	+17.8
- Hygiene	63.9	68.7	+7.6
P & B Exports	84.8	92.7	+9.4
P & B Imports	549.3	555.3	+1.1
P & B Consumption	813.6	835.6	+2.7

¹ last available figures