



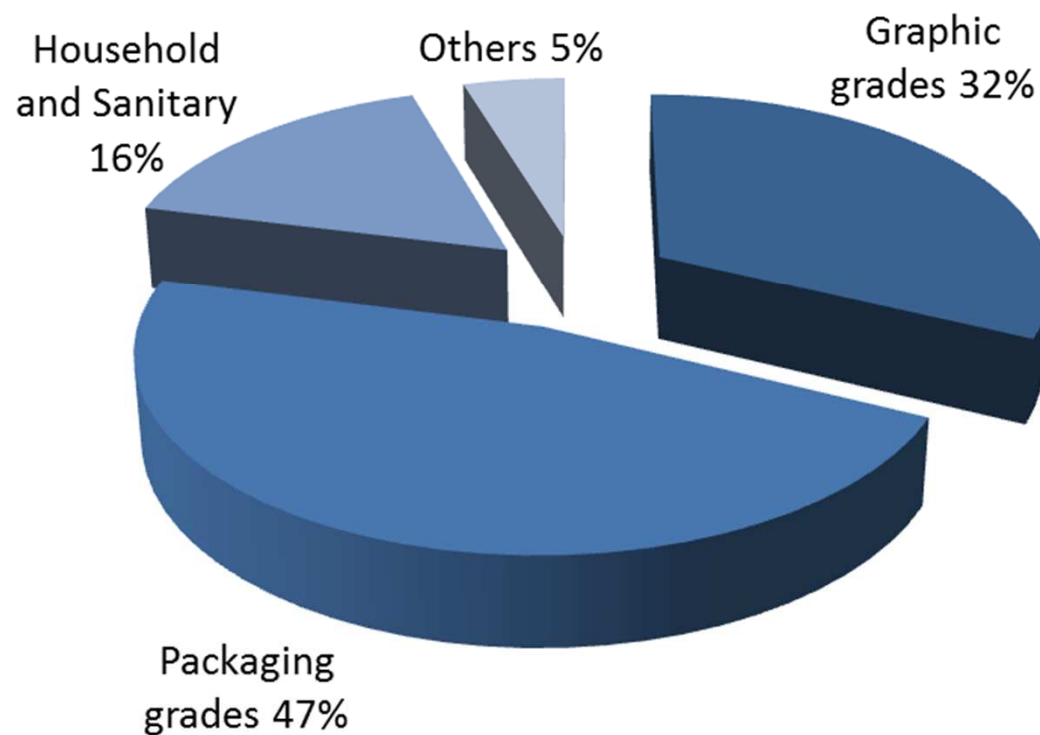
ITALY – Keypoints of Paper Industry

UTIPULP – General Assembly
April 11th 2014, Rome

Italian Paper Industry – production by grades 2013

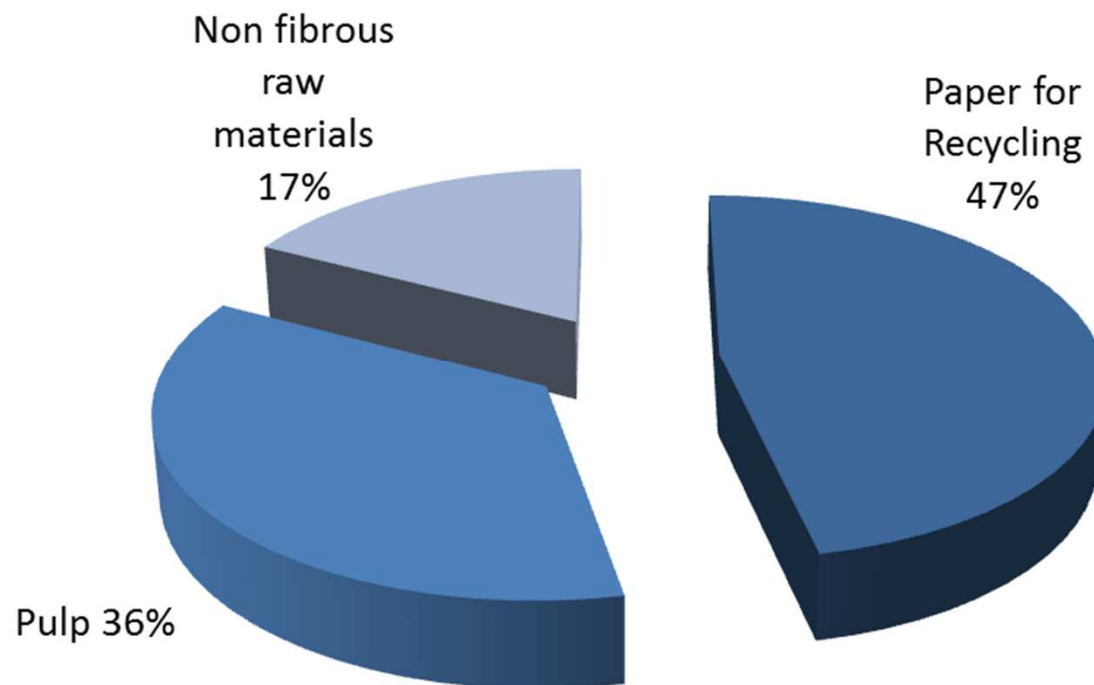
Total P&B production 2013:

8.5 mln tons; -0.6% respect to 2012



Italian Paper Industry – the raw materials

... produced using



Italian Paper Industry – the raw materials

Fibrous raw materials ...more details

| PAPER for RECYCLING | | | | |
|--------------------------|------------|-------|-------|-----------------|
| | | 2012 | 2013 | 2013/20112 % |
| Consumption | 1,000 tons | 4.649 | 4.715 | 1,4 |
| Export | 1,000 tons | 1.933 | 1.685 | -12,8 |
| Import | 1,000 tons | 351 | 338 | -3,7 |
| Apparent Recovery | 1,000 tons | 6.231 | 6.062 | -2,7 |
| | | | | |
| | | | | |
| PULP | | | | |
| | | 2012 | 2013 | 2013/20112 % |
| Consumption | 1,000 tons | 3.563 | 3.641 | 2,2 |
| Import | 1,000 tons | 3.075 | 3.296 | 7,2 |
| Production | 1,000 tons | 524 | 382 | -27,1 |

Italian Paper Industry –main results 2013

- Weakness of domestic demand continued
- Production supported by export

| | | 2012 | 2013 | 2013/2012 % |
|-----------------------------|------------|-------|-------|----------------|
| Production | 1,000 tons | 8.588 | 8.536 | -0,6 |
| | mln € | 6.750 | 6.785 | 0,5 |
| Export | 1,000 tons | 3.631 | 3.740 | 3,0 |
| | mln € | 3.412 | 3.521 | 3,2 |
| Import | 1,000 tons | 4.922 | 4.783 | -2,8 |
| | mln € | 3.472 | 3.459 | -0,4 |
| Apparent Consumption | 1,000 tons | 9.878 | 9.579 | -3,0 |
| | mln € | 6.810 | 6.723 | -1,3 |

Italian Paper Industry –main results 2013

Production by grades

| 1,000 tons | 2012 | 2013 | 2013/20112 % |
|------------------------------------|-------|-------|-----------------|
| Graphic Papers | 2.905 | 2.739 | -5,7 |
| Packaging Paper & Board | 3.893 | 3.993 | 2,6 |
| Household and Sanitary | 1.410 | 1.397 | -0,9 |
| Others | 379 | 408 | 7,4 |

- **Graphic paper** production is reducing year after year (-21% respect to 2007 levels), mainly due to *slump in advertising expenditures on newspapers and magazines* (-21% in 2013 respect to 2012; -49% respect to 2007 levels) and *growing competitiveness of other medias*
- **Packaging** grades recovery is mainly due to *Case Materials* (+4.8%) – the sector lost about 15% since 2007 levels
- **Household & Sanitary** after reductions in 2008-09 levels recovered in 2010-11 and stabilized in 2012-13 (less than 4% lost respect to 2007)

Italian Paper, Publishing, Printing & Converting Chain –main results 2013

| | | 2012 | 2013 | 2013/2012 % |
|-----------------------------|-------------|--------|--------|----------------|
| Turnover | mIn € | 32.911 | 31.460 | -4,4 |
| Export | mIn € | 9.087 | 9.070 | -0,2 |
| Import | mIn € | 5.376 | 5.321 | -1,0 |
| Apparent Consumption | mIn € | 29.200 | 27.711 | -5,1 |
| Direct Employment | 1,000 units | 214 | 210 | -1,8 |
| Indirect Employment | 1,000 units | 527 | 518 | -1,7 |

Downsizing in the Paper Chain too respect to tops 2007:

- **Turnover** -27%
- **Internal market** -30% ...while **Export** grew (+4%)
- **Direct Employment**, representing about 5% of total Industry Sector, lost 40,000 units (-100,000 units considering Indirect Employment too)



Italian Paper, Publishing, Printing & Converting Chain – few proposal to coming back to the grow

On last February 18th Italian Associations representing Paper Chain organized a press conference to present their industrial policy proposals to come back to the grow:

- measures for *revitalize advertising expenditures on newspapers and magazines*
- *reading promotion measures* for young people... but not only...
- incentives to encourage *innovation*

Italian Paper Industry – more recently

Some better economic intonation started since the last part of 2013 seems to continue on this first part of 2014

As for Paper Industry, *the main challenge remains profitability:*

- **P&W**– particularly Coated Paper market remains very weak, in Italy more than in other West European countries; *new reductions on prices*, burdening already critical situation respect to raw materials costs
- **Tissue** – a good start of the year for *volumes*, but *concerns for margins* mainly in perspective due to new capacities projects
- **Special papers** – stable market situation
- **Packaging** – stable demand, but a lot of *pressure to drop prices*

Pulp prices, mainly softwood qualities, don't reflect the effective situation of the market

Italian Paper Industry – main issues...

...to *recover competitiveness*

ENERGY

- **Electricity** – electricity fares to support RES (Renwable Energy System) are very high (more than 50 €/MWh). Fortunately during last part of 2013 measures to reduce RES fares for energy intensive industries were adopted. We are now waiting for application of these measures.
- **Gas** -during last months Italian price was aligned to EU price mainly due to crisis effects (demand of gas is still decreasing) and to increased availability of renewable energy. We are working on measures to assure EU gas price in Italy also in the future and to avoid introduction of additional cost on gas price.

Italian Paper Industry – main issues...

...to *recover competitiveness*

ETS - Emission Trading System

Strong concern about the proposal of the EU Commission for a Climate and Energy Package which aims at reducing CO₂ emissions by 40% by 2050.

The package recognize the high price of energy in Europe and the exposure to international competitiveness of European industry, as well as the need that any measure supporting biomass use for energy should not have an impact on raw materials for wood based industry, paper industry included .

Still seems difficult to understand how to cope with these ambitious targets without jeopardizing European industry competitiveness.

Italian Paper Industry – main issues...

...to *revitalize domestic demand*

READING PROMOTION

A recent result of Assocarta and Paper chain activity is

- a *proposed law about the diffusion of book and of reading* which is being examined by Parliament.

TWO SIDES – Italian activities 2013

- 700 Advertising Pages published during 2013
- 20.000 Cards distributed in pubs (Milan, Rome)
- Up-date Web Site www.twosides.info/it and Social Media
- Festival della Scienza / Bellezza (Genova, November 2013)
-3,500 students visited the Paper Lab / 30,000 visitors
- Update of 'Myths and Facts' brochure



Italian Paper Industry – main issues...

...to *revitalize domestic demand*

HYGIENE and TISSUE - Italian activities 2013

Diffusion of the European Tissue Symposium's studies and researches about hygienic value of tissue:

- 24,000 brochures printed and distributed during the «Pulire» fair in Verona and during other events.
- 5 Roll-up also used in connection with the brochures.
- press releases and articles published on Italian specialized press.



www.assocarta.it