# Pulp and paper markets in Europe

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# Content of the presentation

- Paper
- Pulp
- Recovered paper
- Trends affecting the P&P Industry

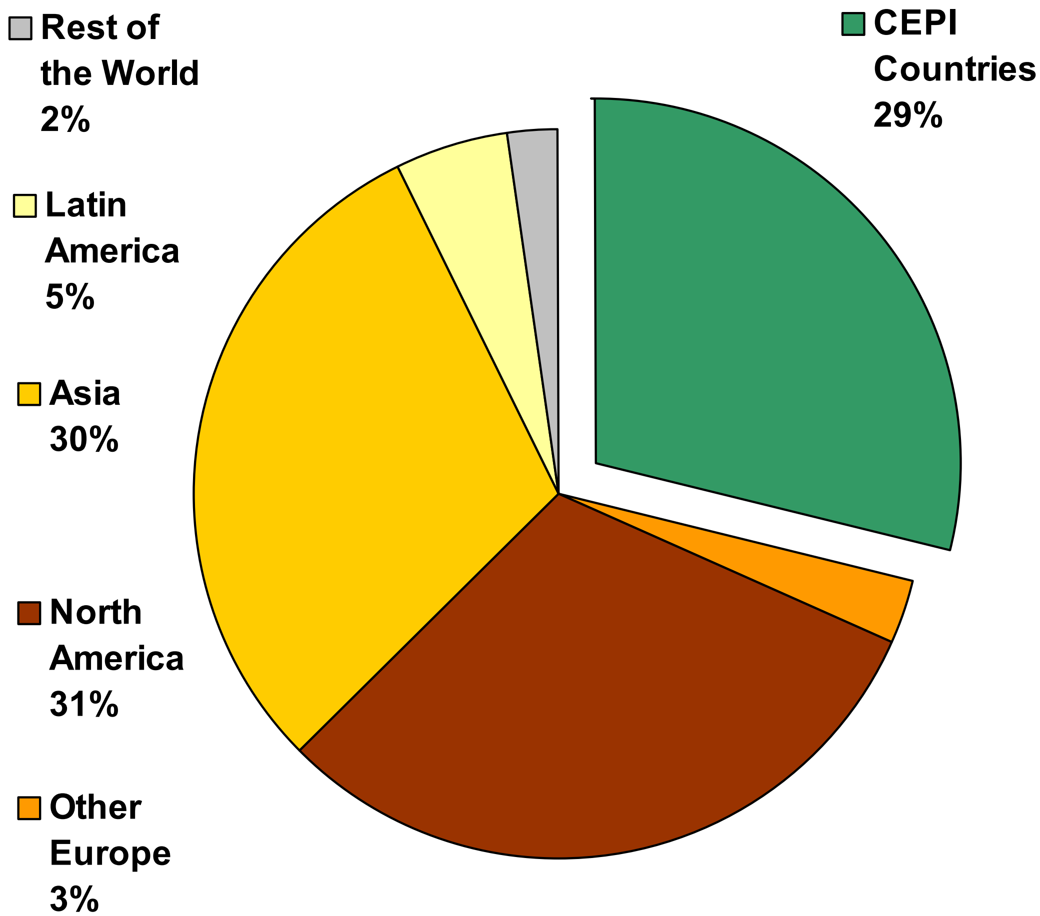
# Statistical sources

- All data are coming from CEPI
- CEPI countries are:

| | |
|---|---|
| Austria | Italy |
| Belgium | Netherlands |
| Czech Republic | Norway |
| Denmark | Poland |
| Finland | Portugal |
| France | Slovak Republic |
| Germany | Spain |
| Greece | Sweden |
| Hungary | Switzerland |
| Ireland | United Kingdom |

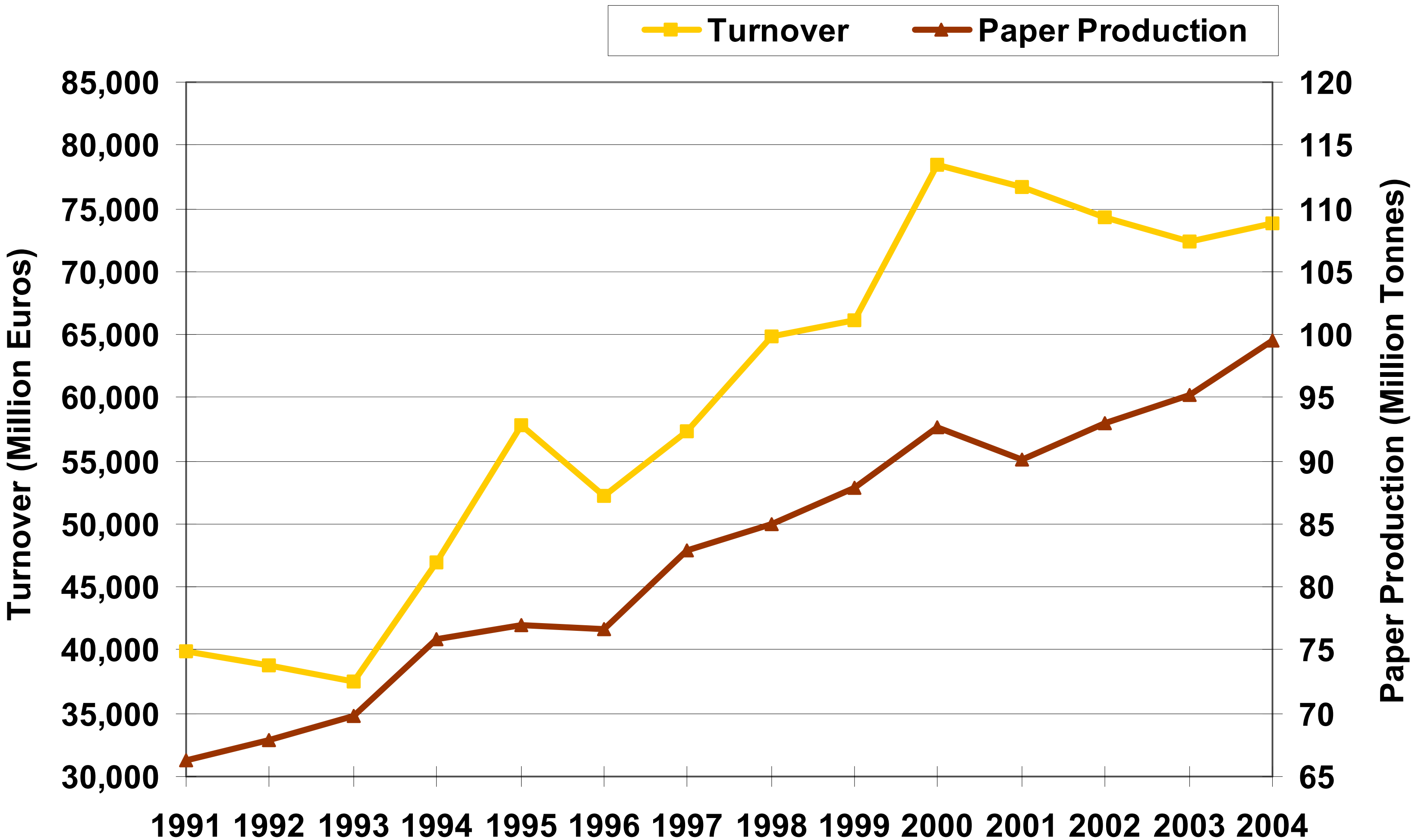
# PAPER

# Paper Production by Region in 2003

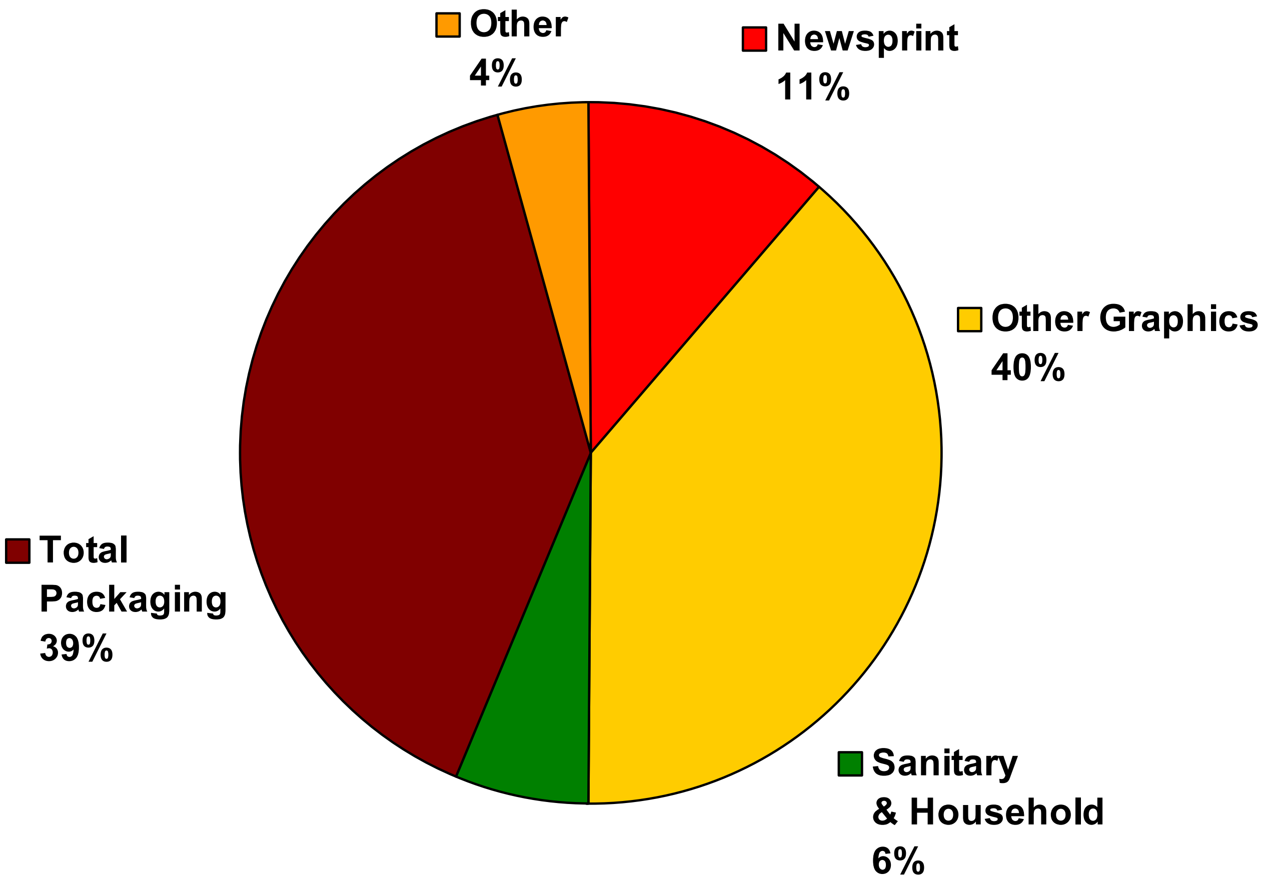



**Total: 328.1 Million Tonnes**

# Turnover and Paper Production in CEPI Countries 1991 - 2004

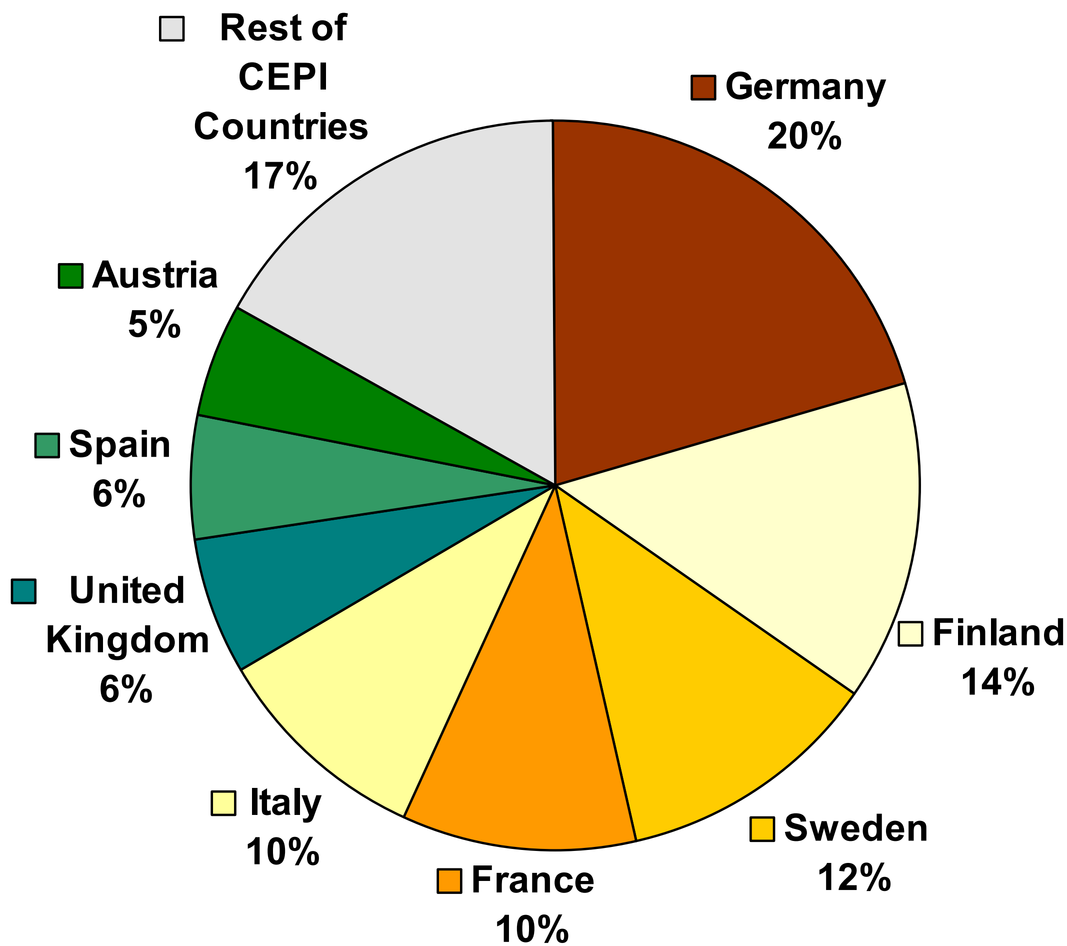


# Paper Production by Grade in CEPI Countries in 2004




**Total: 99.5 Million Tonnes**

# Total Paper Production by CEPI Country in 2004




Total: 99.5 Million Tonnes



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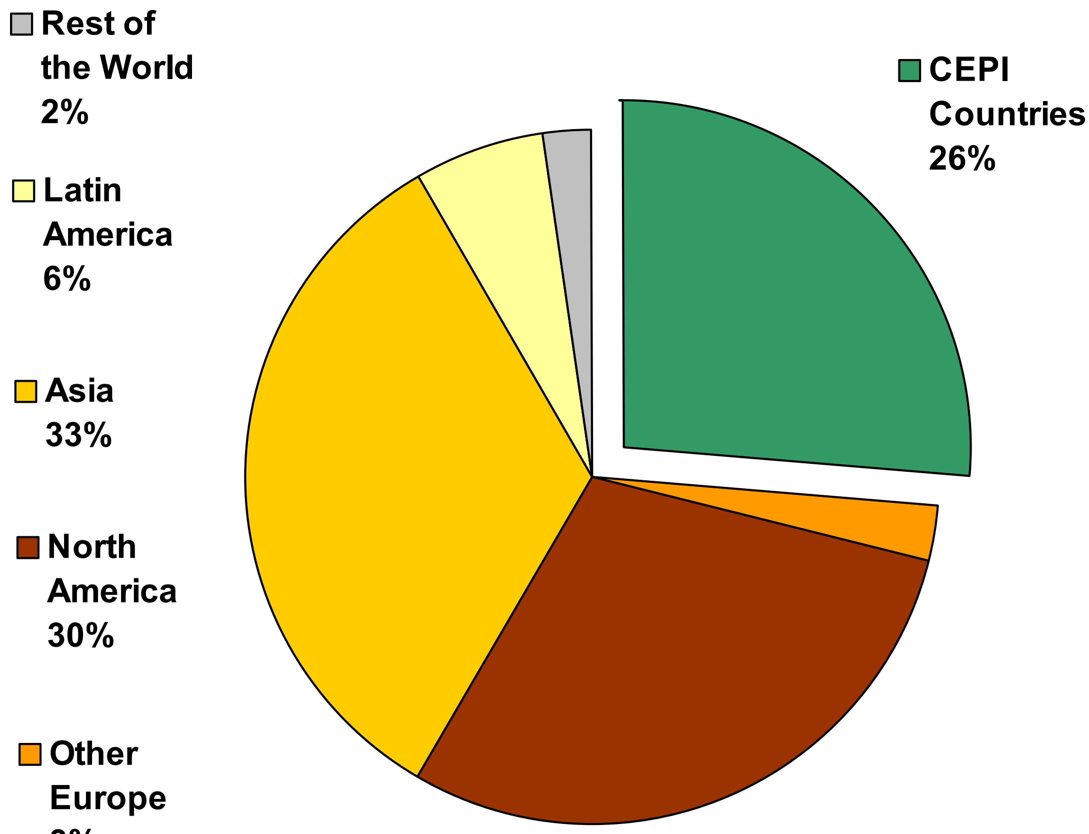
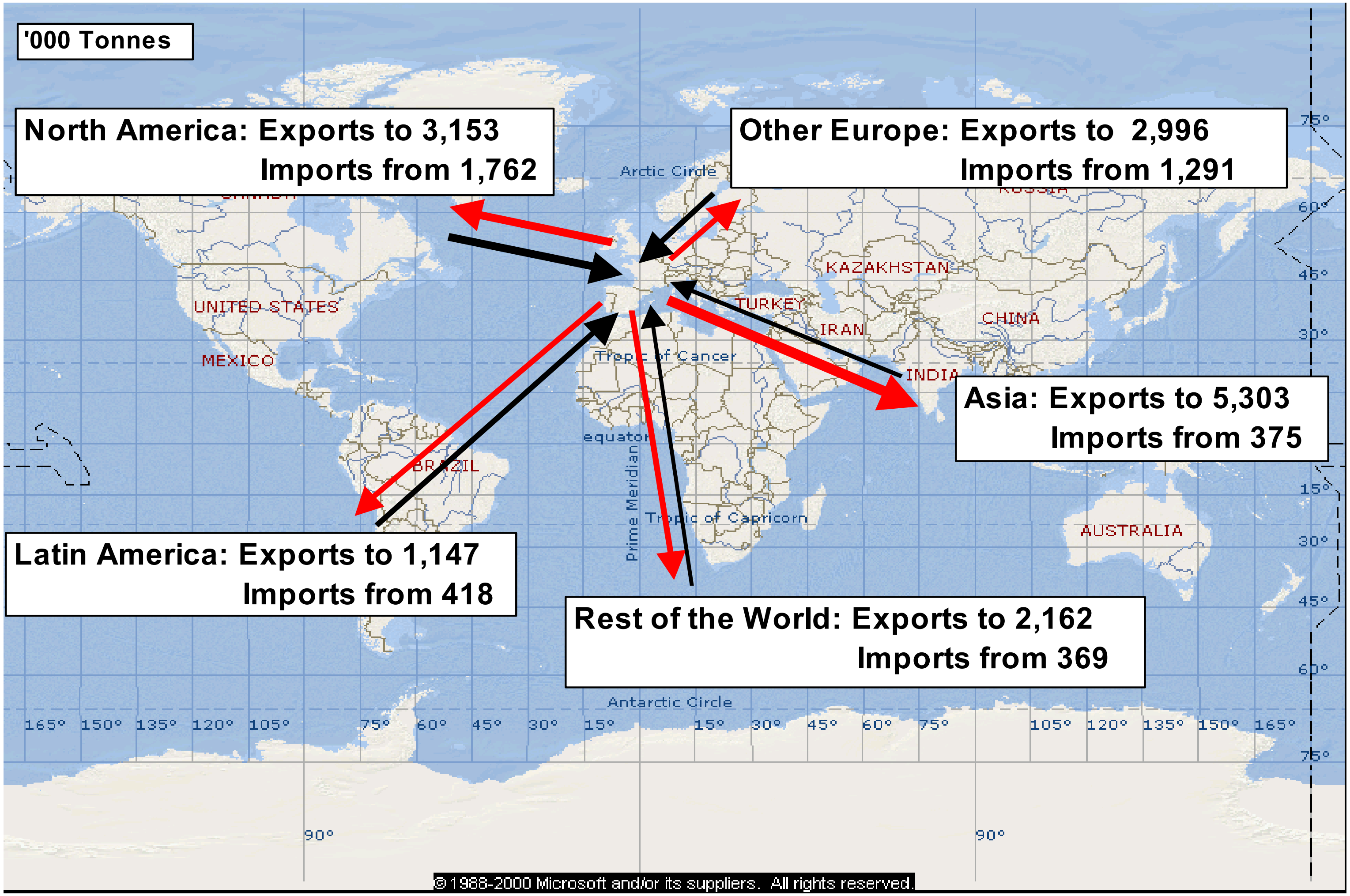
# Paper Consumption by Region in 2003



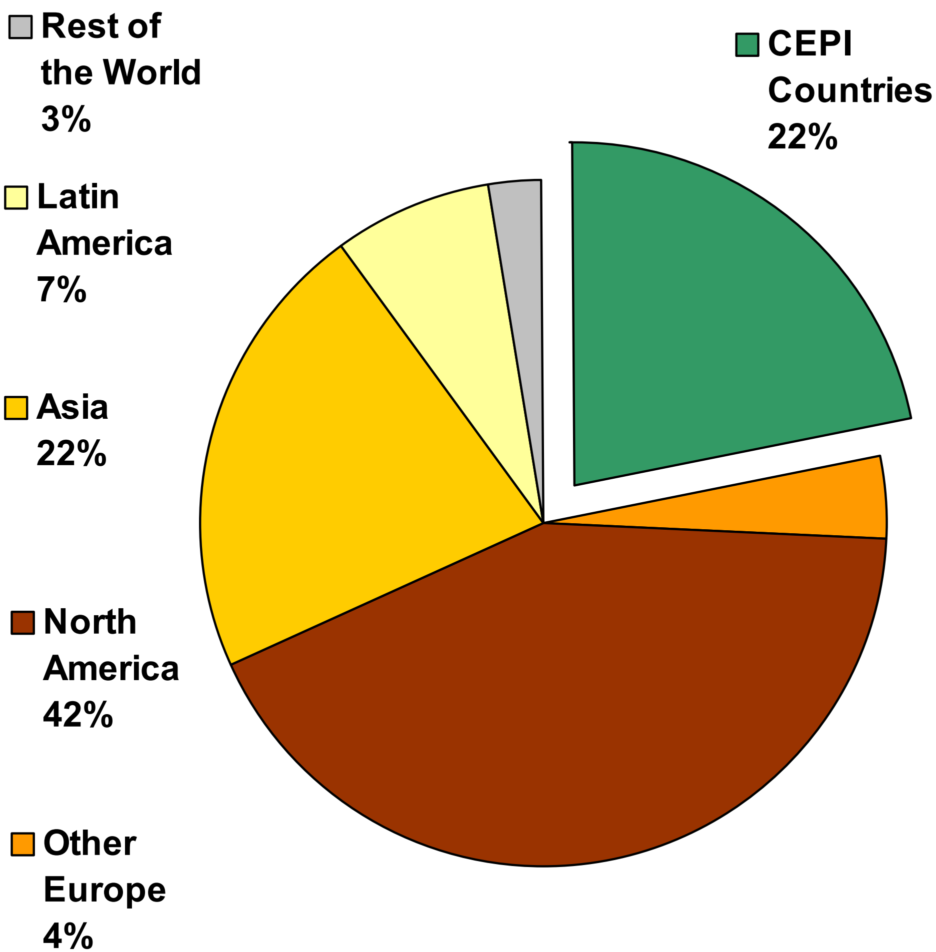

**Total: 327.9 Million Tonnes**

# Trade Flows of Paper to and from CEPI Countries in 2004



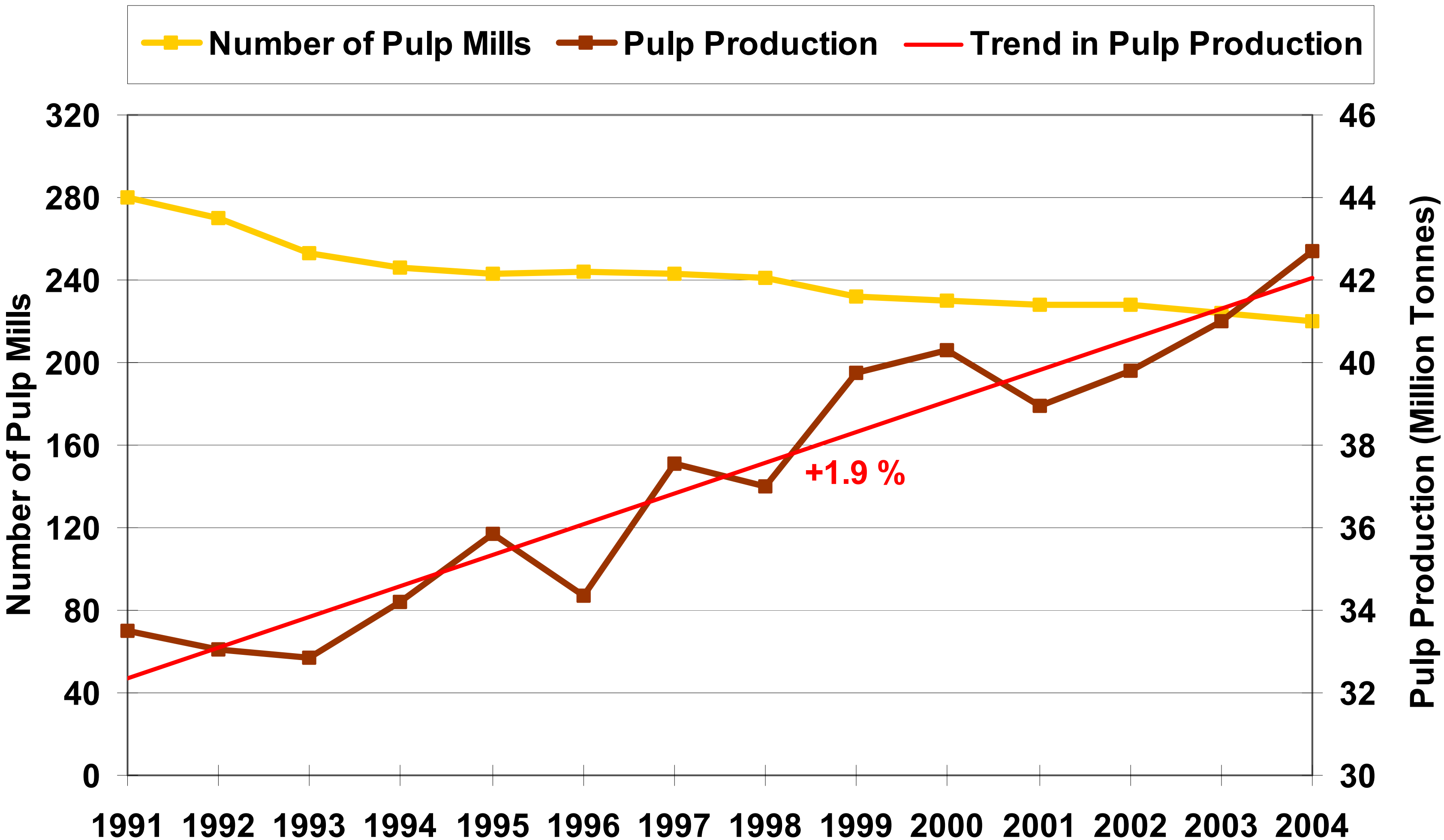
# PULP

# Pulp Production by Region in 2003

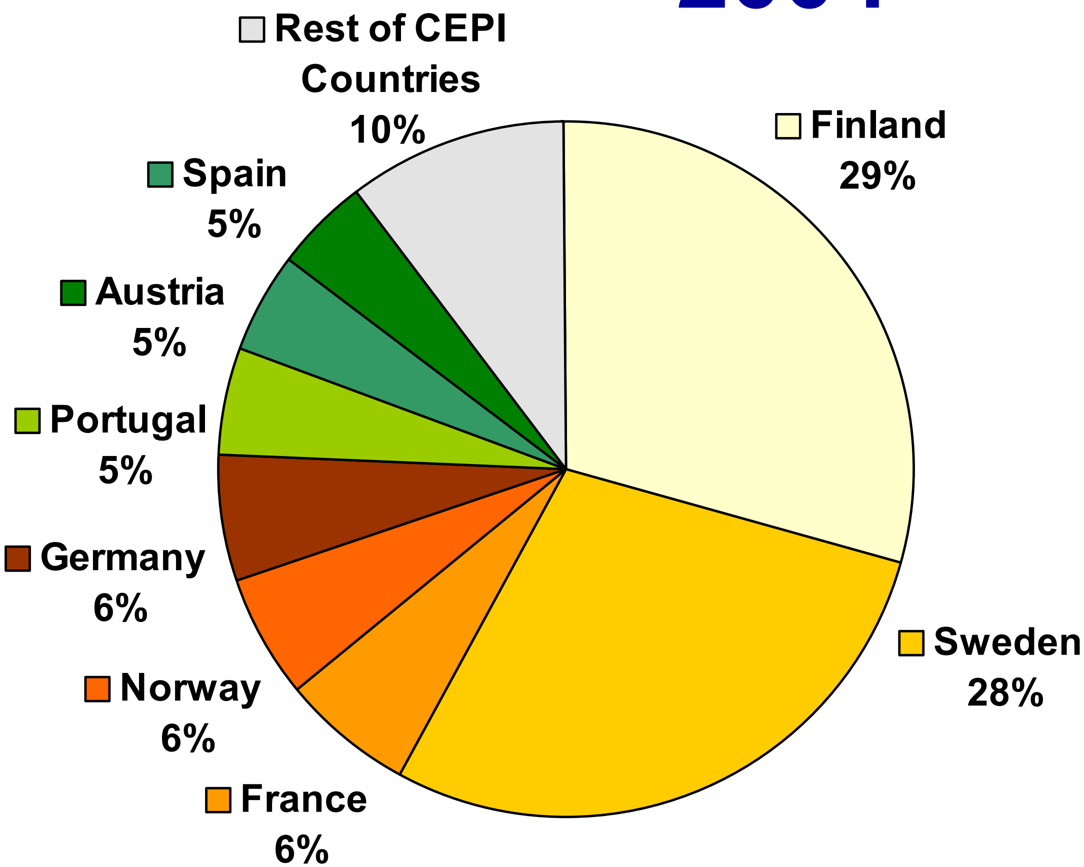



**Total: 186.4 Million Tonnes**

# Number of Pulp Mills and Pulp Production in CEPI Countries 1991-2004



# Pulp Production by CEPI Country in 2004




**Total: 42.7 Million Tonnes**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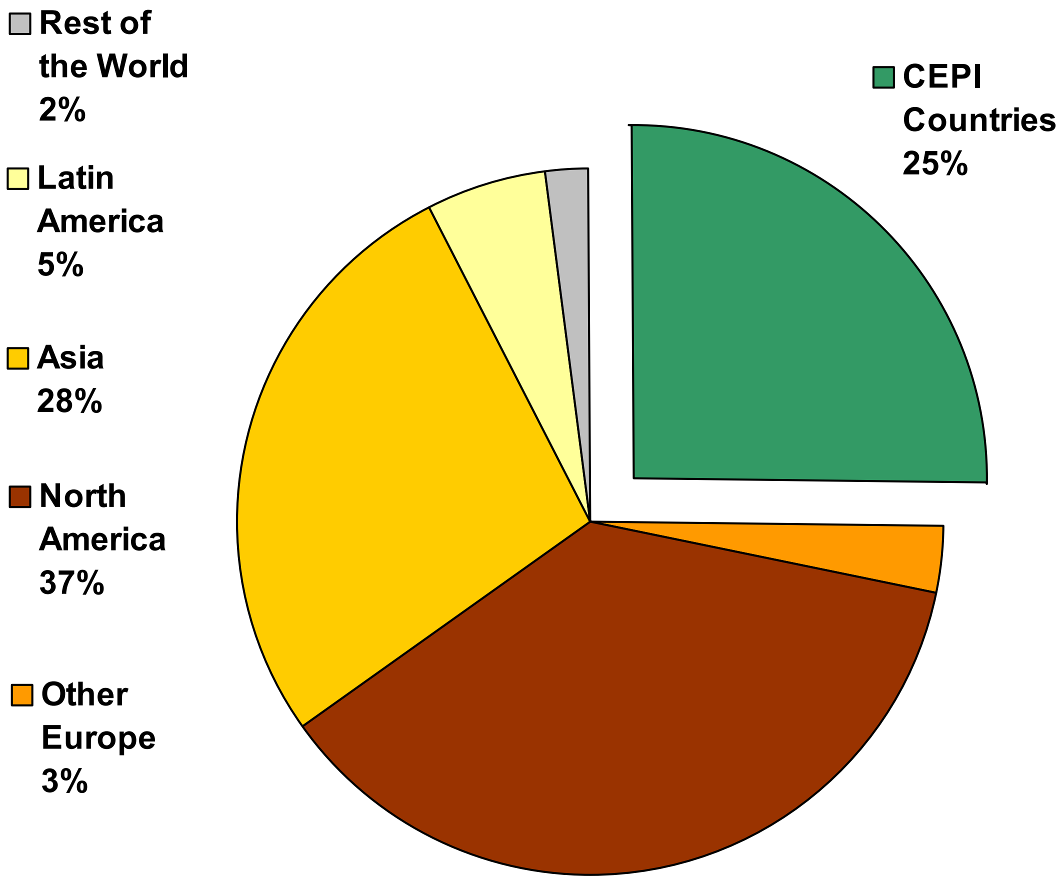
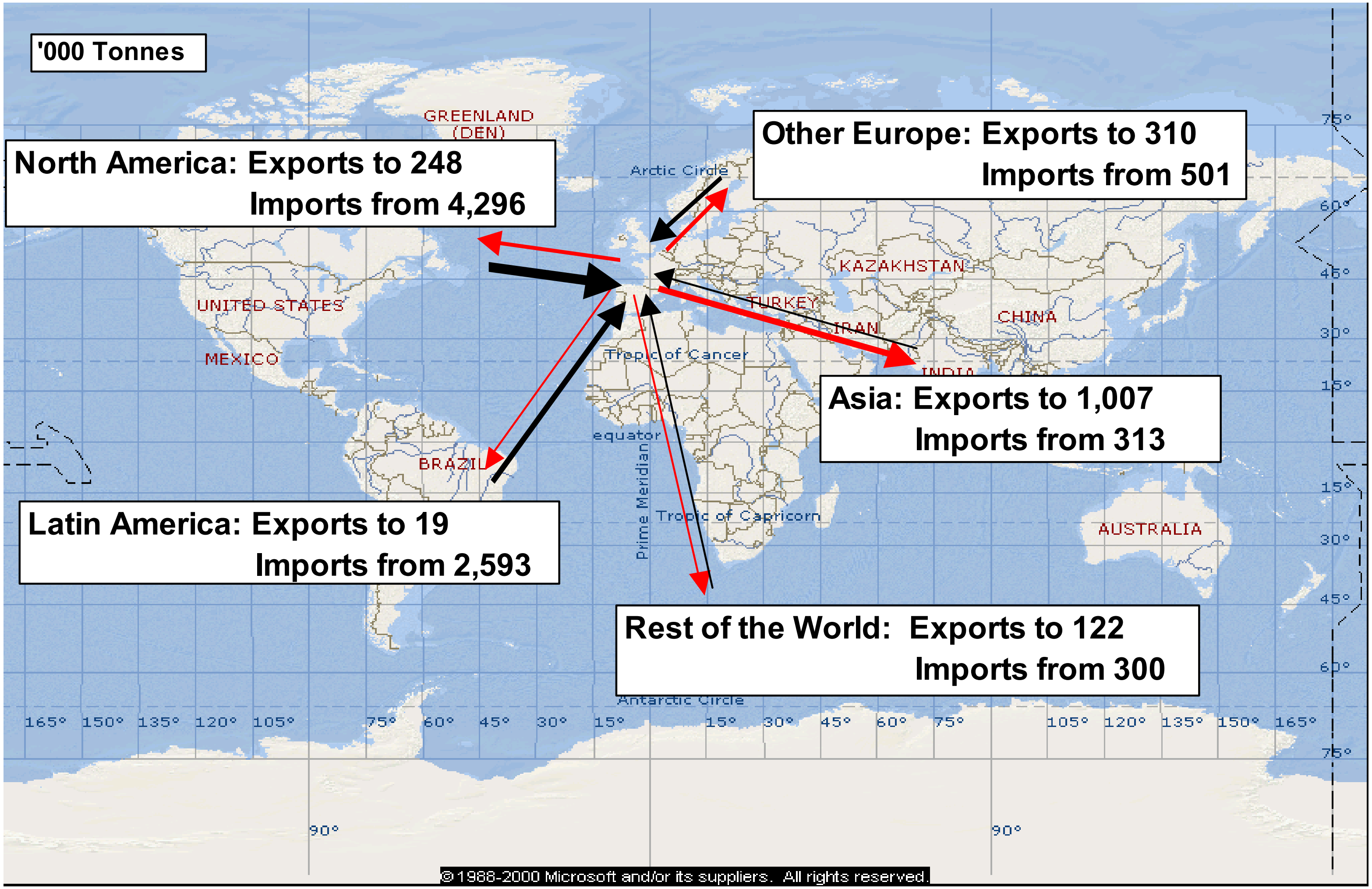
# Pulp Consumption by Region in 2003

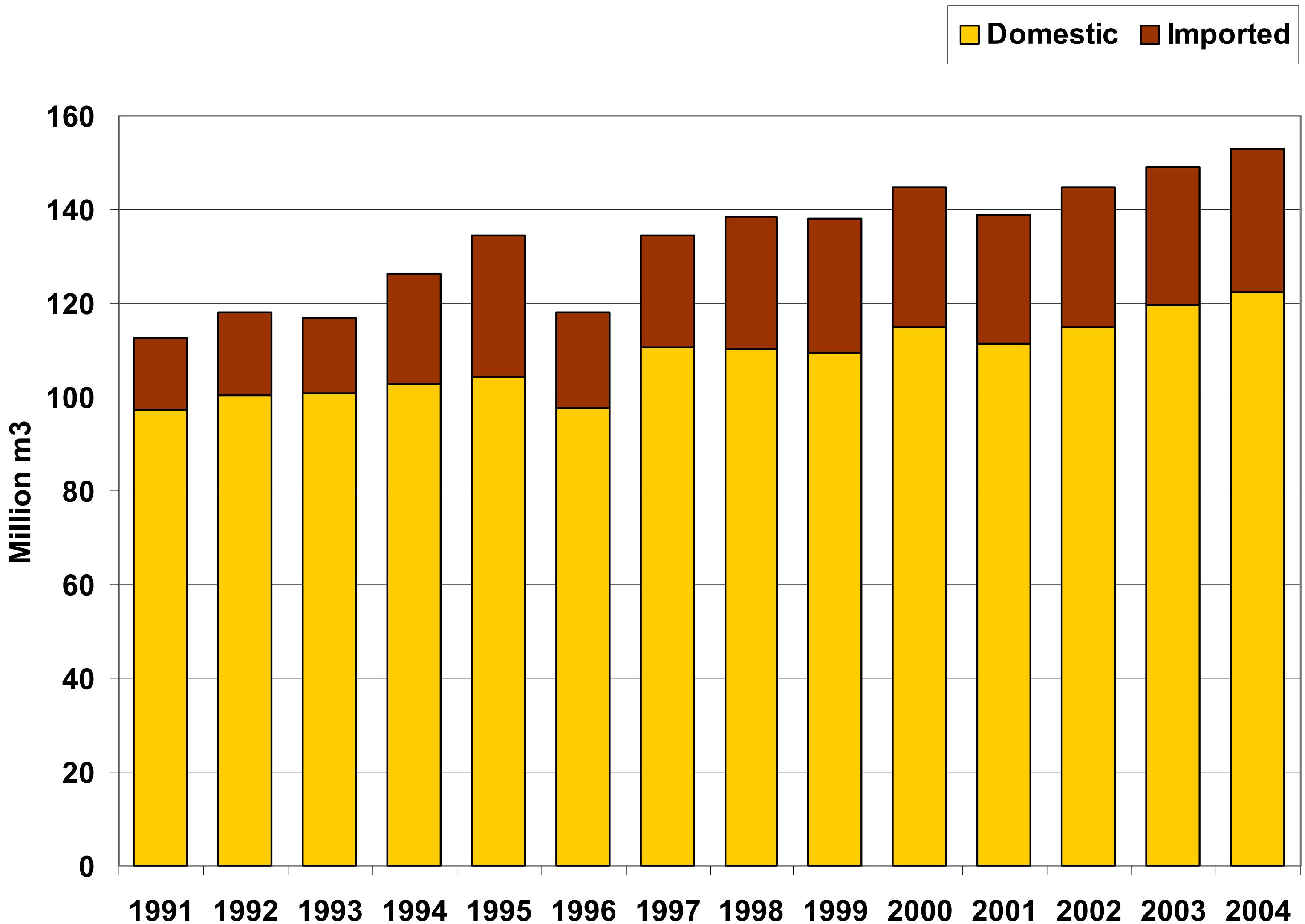



**Total: 187.2 Million Tonnes**

# Trade Flows of Pulp to and from CEPI Countries in 2004

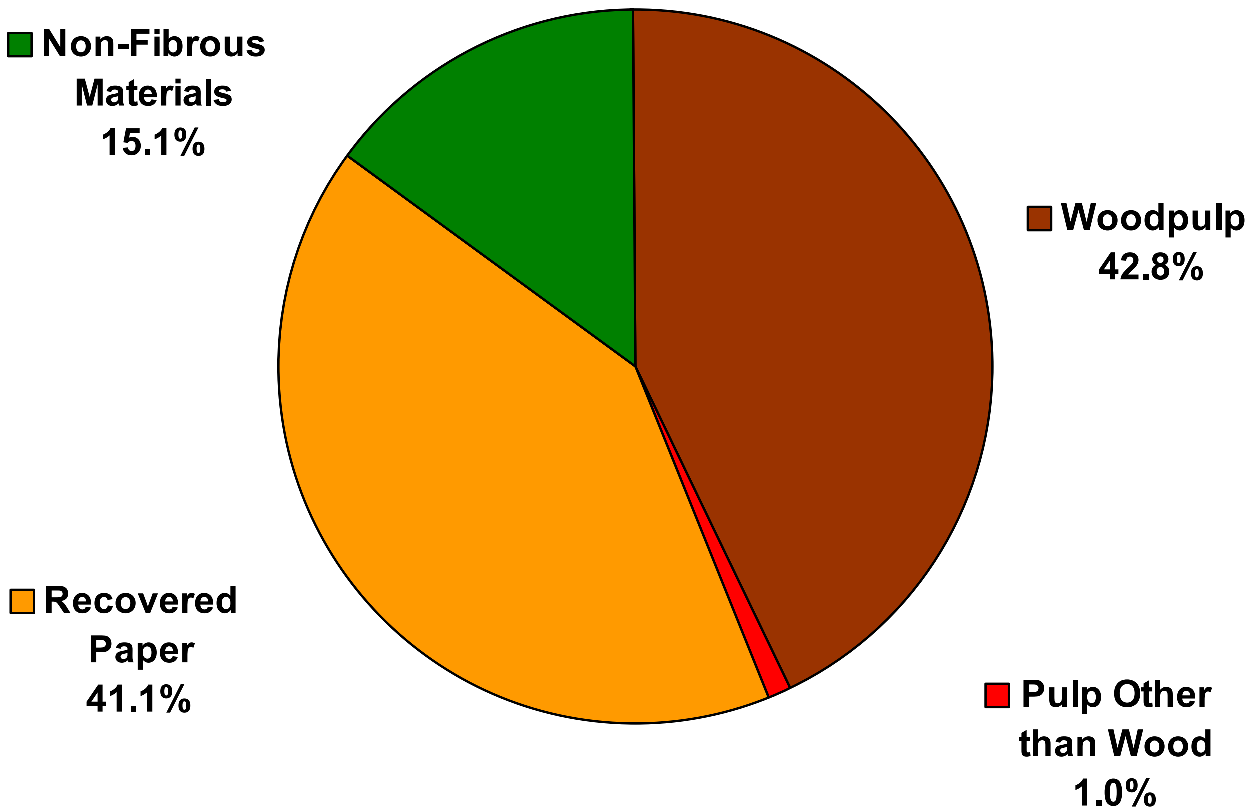


# Pulpwood Consumption by Origin in CEPI Countries 1991 - 2004



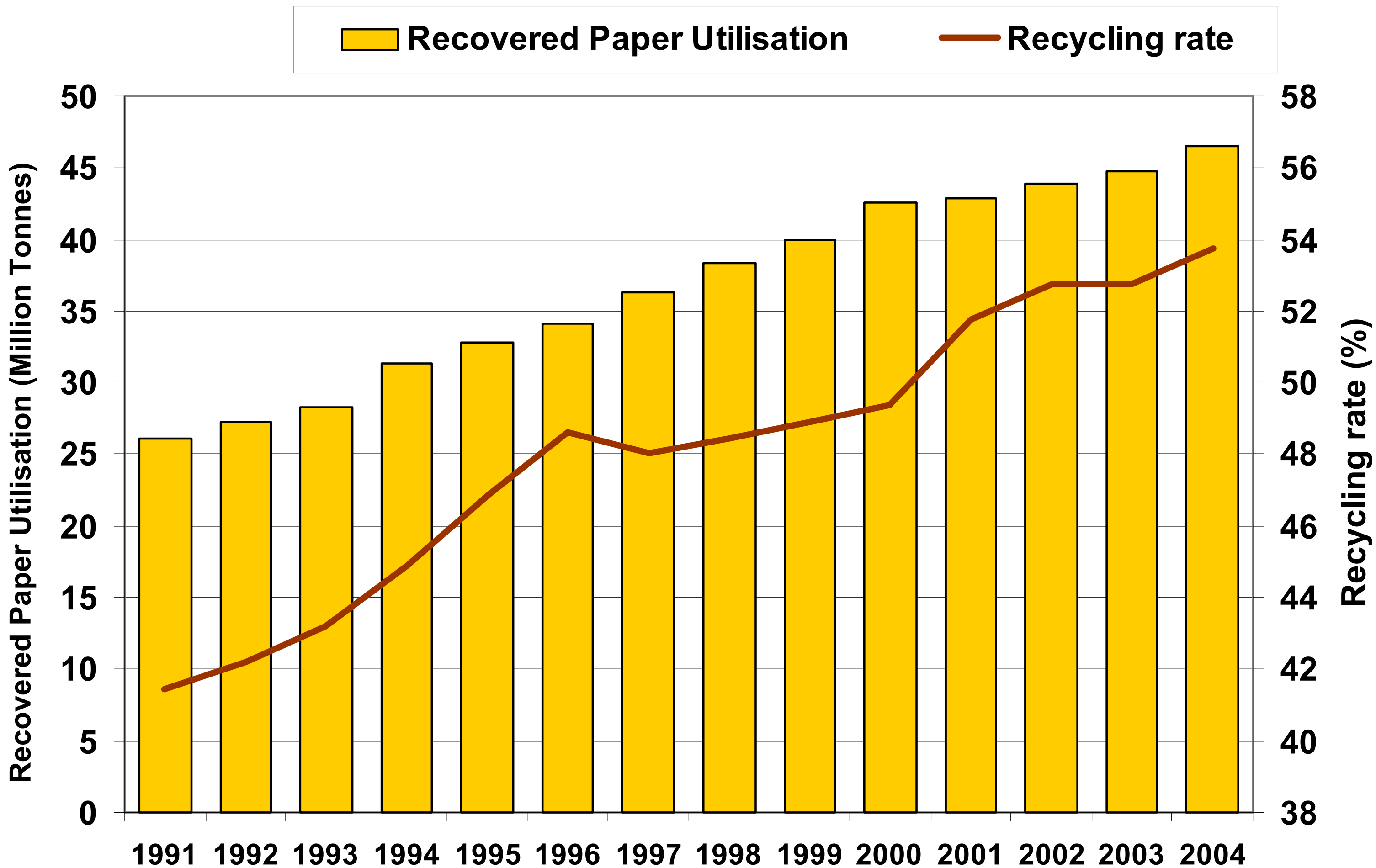
# RECOVERED PAPER

# Raw Materials in Papermaking in CEPI Countries 2004

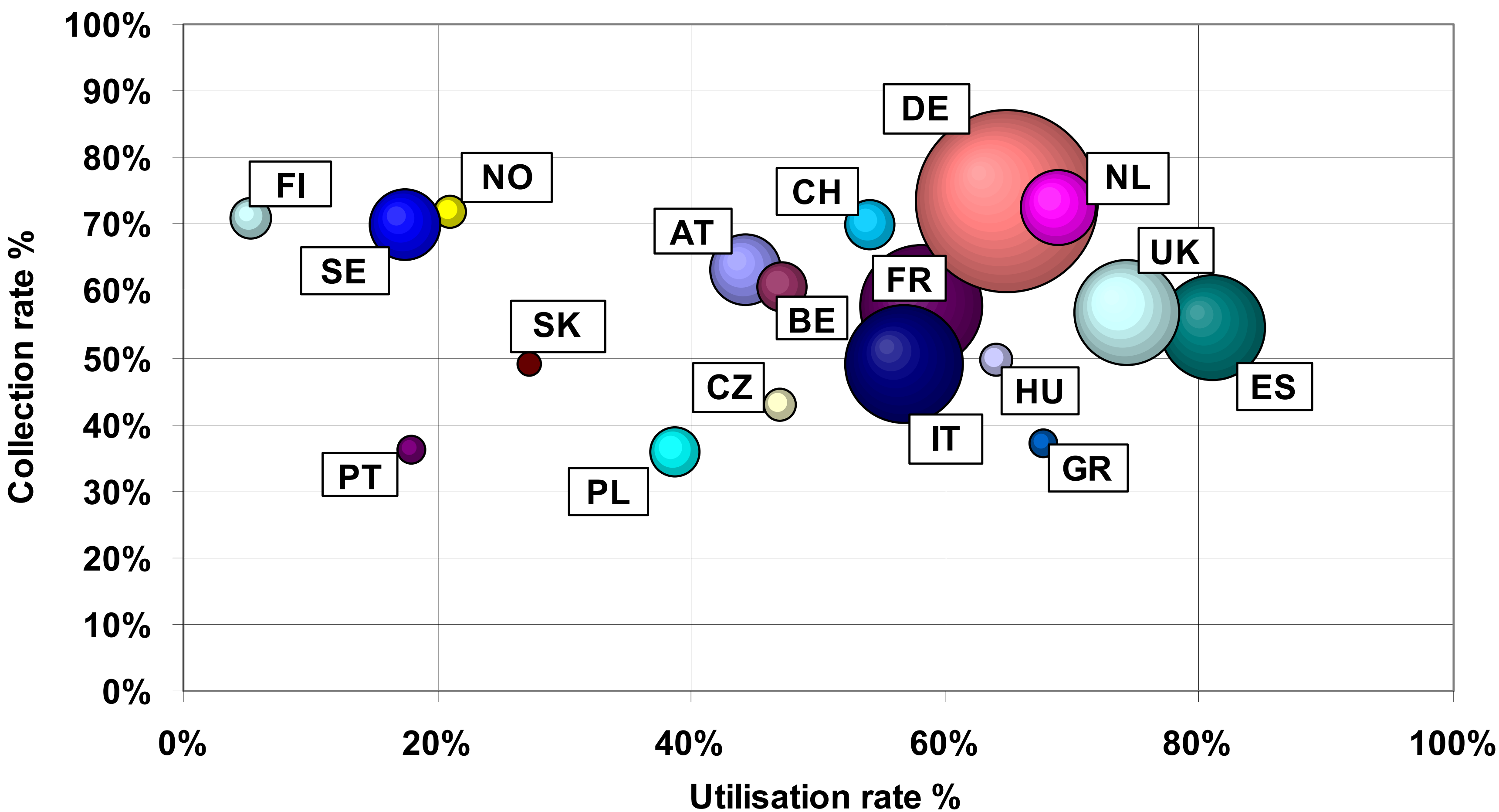



Total: 113.2 Million Tonnes

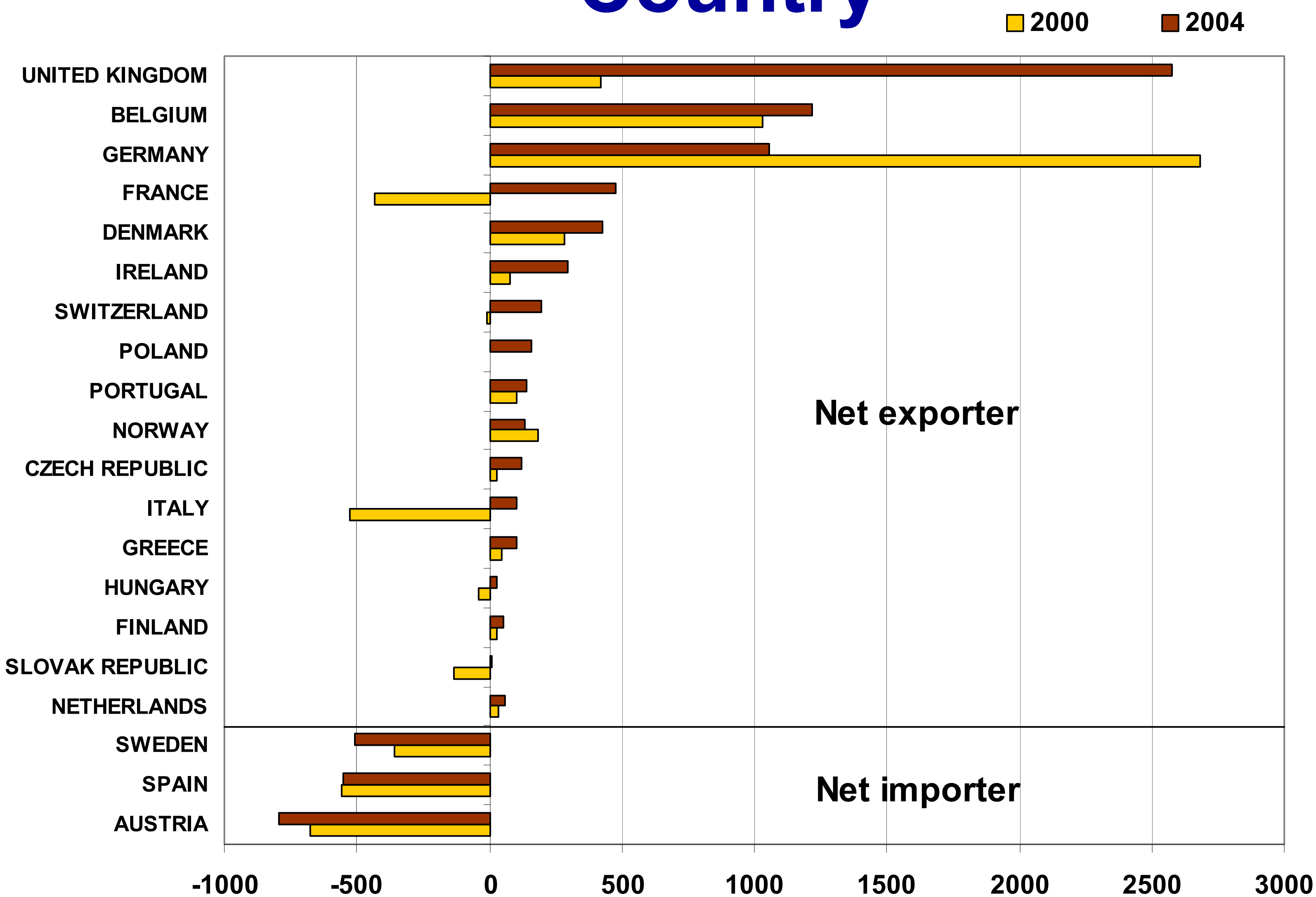
# Evolution of the Recovered Paper Utilisation and the Recycling Rate in CEPI Countries 1991 - 2004



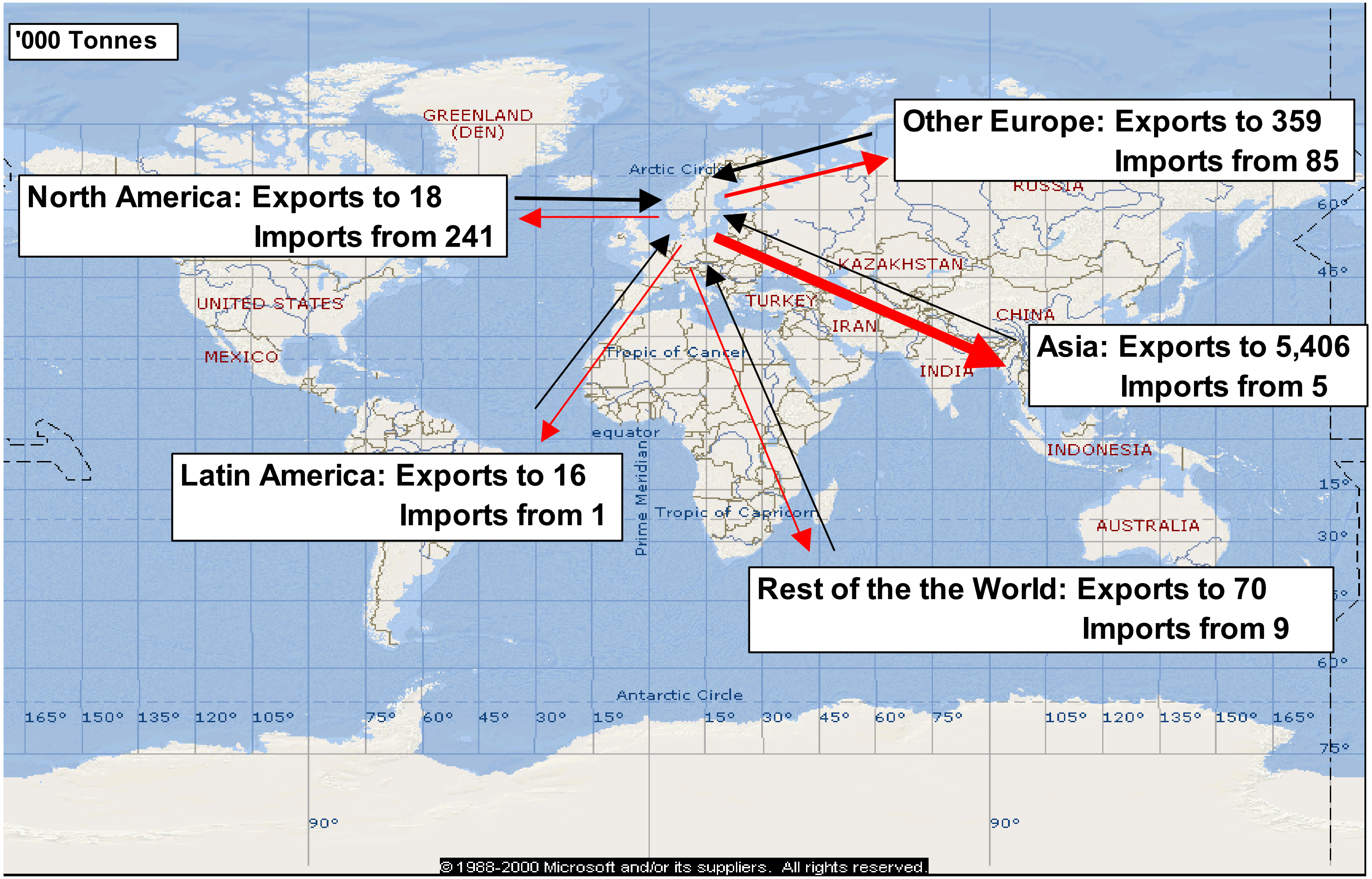
# Recovered Paper Collection Rate, Utilisation Rate and Utilisation in CEPI Countries in 2004



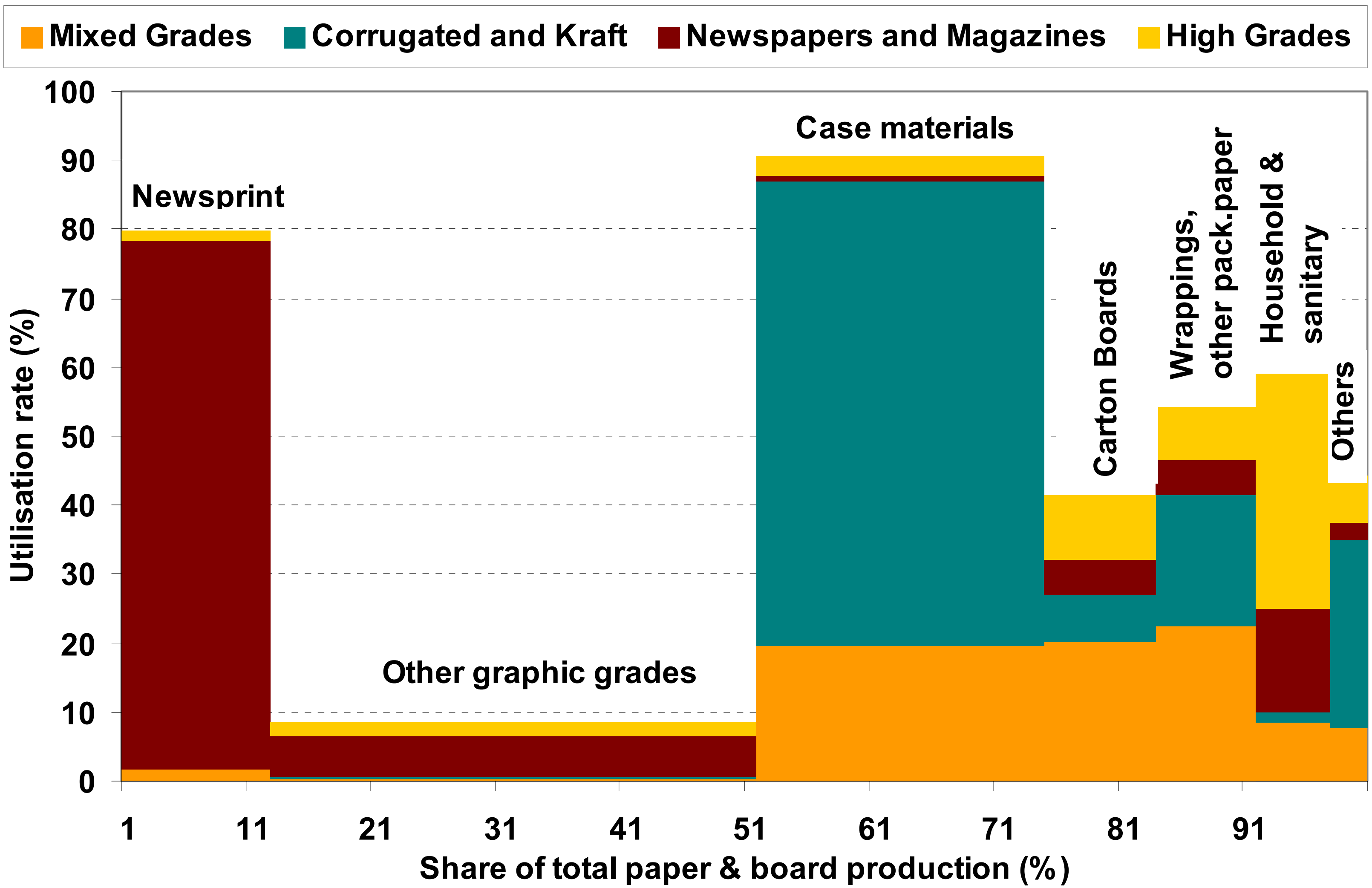
# Recovered Paper Trade Balance by Country



# Trade Flows of Recovered Paper to and from CEPI Countries in 2004



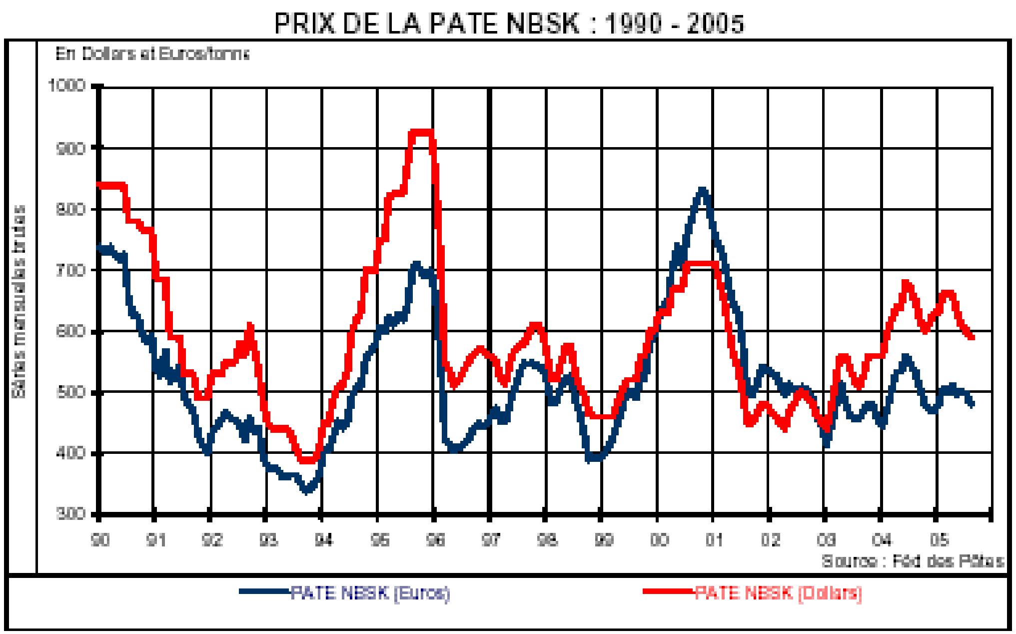
# Recovered Paper Utilisation by Sector in CEPI Countries 2004



# Trends affecting the P&P Industry

# Cyclic business

- Cyclic business with a downward trend of prices
- Low profitability, overcapacities in many pulp and paper grades
- Strong impact of exchange rate (ex : USD/Euro)



# Companie's strategies (1/2)

- Global business and global strategies (especially for commodity grades)
- Global companies in a process to refocus on a small number of grades
- Consolidation will continue
- Investments close to the markets and or/in regions where production costs are lower e.g.: in the pulp sector: most of the investments are in South-America and Asia

# Companie's strategies (2/2)

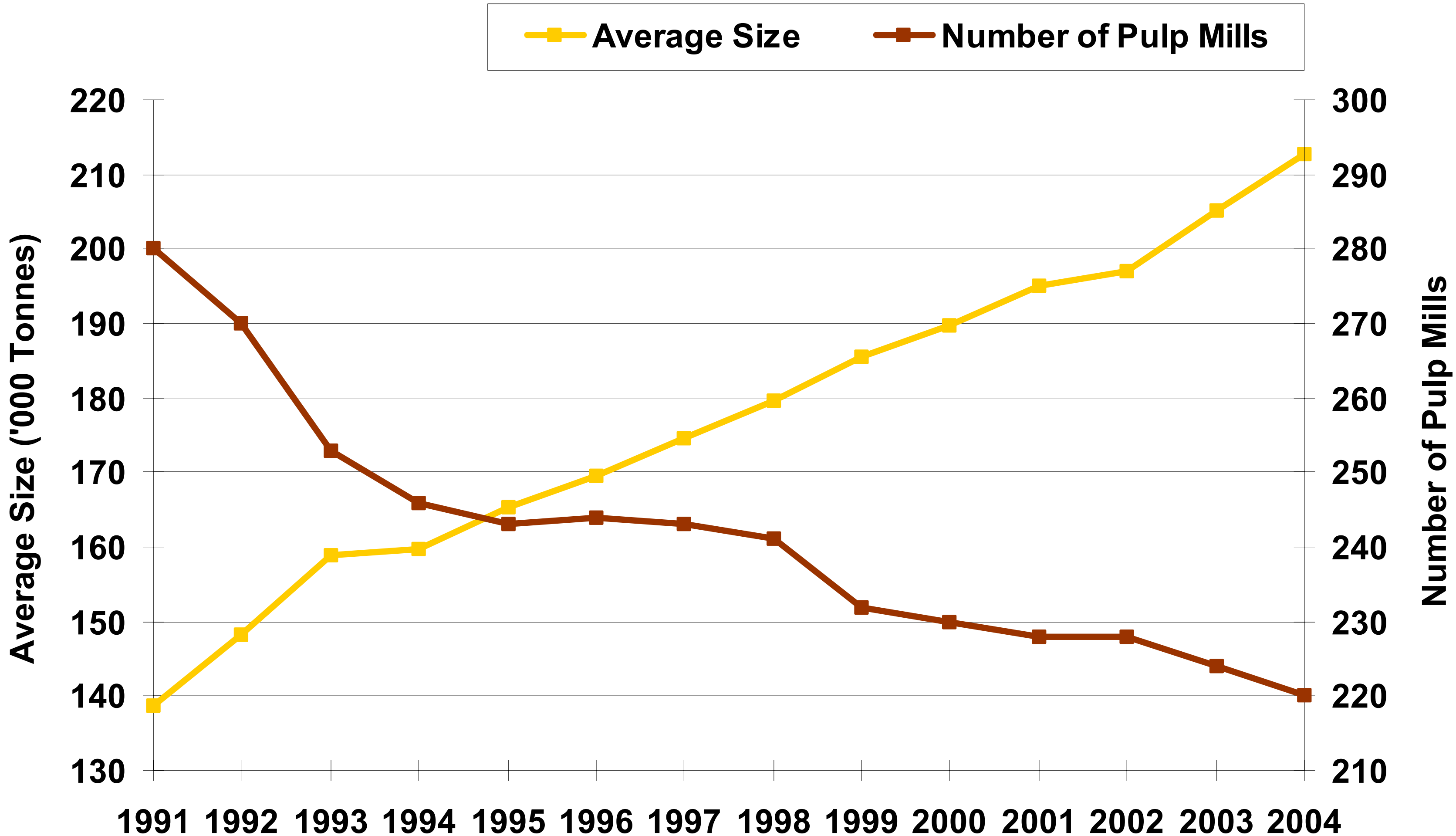
Bleached Chemical Market Pulp- Main capacity expansion projects worldwide (with start-up by 2007-2008) *(As of september 2005).*

| Country | Company | Mill | New Capacity (000 t) | Total Capacity (in case of new lines in existing mills) (000 t) |
|---|---|---|---|---|
| Brazil | Votorantim Cel. e Papel (VCP) | Jacarei | 150 | 1 100 |
| Chile | Arauco | Valdivia | 440* | |
| Chile | Arauco | Nuevo Aldea | 600 | |
| Germany | Mercer | Zellstoff Stendal | 550* | |
| Brazil | Veracel (Stora+ Aracruz) | Eunapolis | 900* | |
| China | Asia Pulp & Paper (APP) | Hainan | 900* | |
| Brazil | CENIBRA | Belo Oriente | 200 | 1 140 |
| Chile | CMPC | Santa Fe | 780 | 1 130 |
| Uruguay | Botnia SA | Fray Bentos | 1 000 | |
| Uruguay | ENCE | Fray Bentos | 500 | |

* Realized

# The average mill capacity will continue to grow

## Average Size by Pulp Mill (Capacity) in CEPI Countries 1991 - 2004



# Forest certification still at a too low level

- Forest certification is key for the P&P Industry
- Certified areas (especially PEFC) are expanding
- Volume of certified wood remains too low in many countries
- The number of Chain of Custody also unsufficient
- Demand of certified pulp and paper products remains low from the consumer side

# Wood for energy generation will increasingly compete with the procurement of pulp mills

- The use of biomass for energy generation (heat, electricity) is fostered by several drivers (subsidies, price of oil,…)
- Subsidies for biomass based energy might have adverse effects on wood procurement of pulp mills
- This would jeopardize the competitiveness of pulp mills
- But the production of "green energy" on industrial sites also presents opportunities (e.g.: development of bio-refineries)

# Conclusion

- In Europe, production of paper and pulp continues to increase
- Global competition also increases
- Process of consolidation will continue for commodity products
- Some issues connected to fibre supply and marketing are key to the competitiveness: ability to sell certified paper products, no distortion of compettition between the various uses of wood (energy vs pulp and paper)