
# EUROPEAN MARKET OVERVIEW

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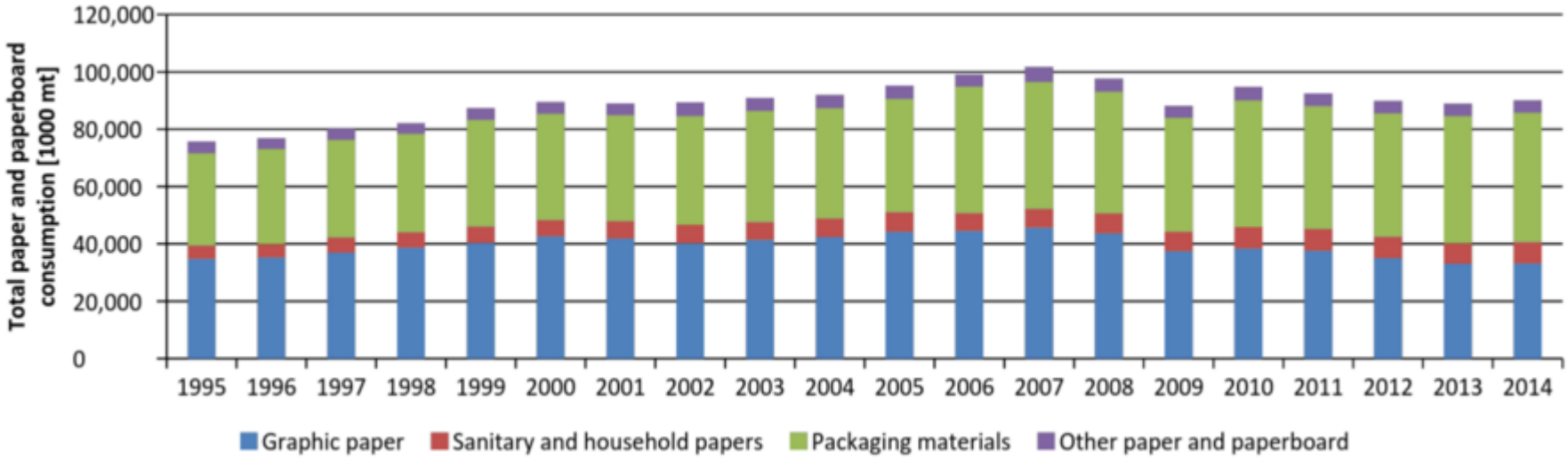
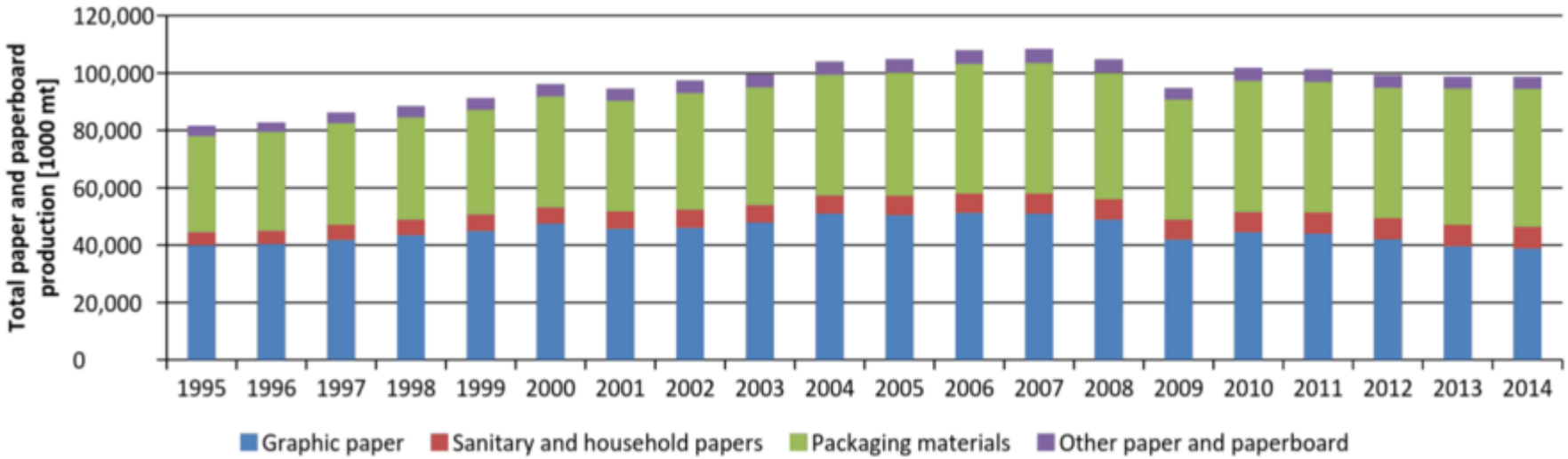
UNECE

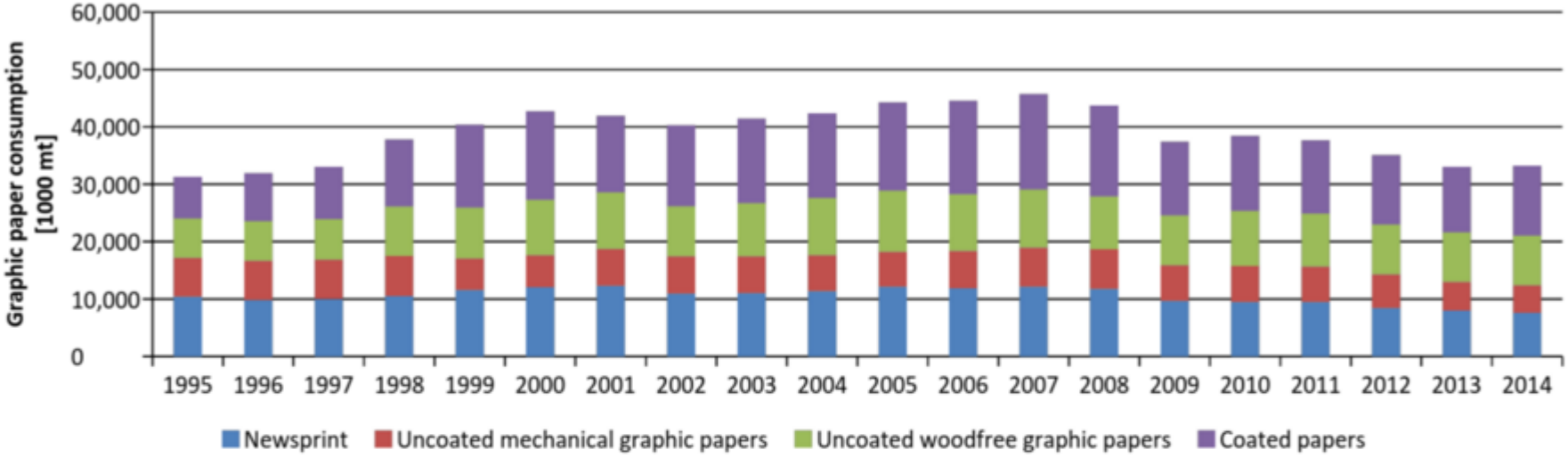
Food and Agriculture Organization of the United Nations

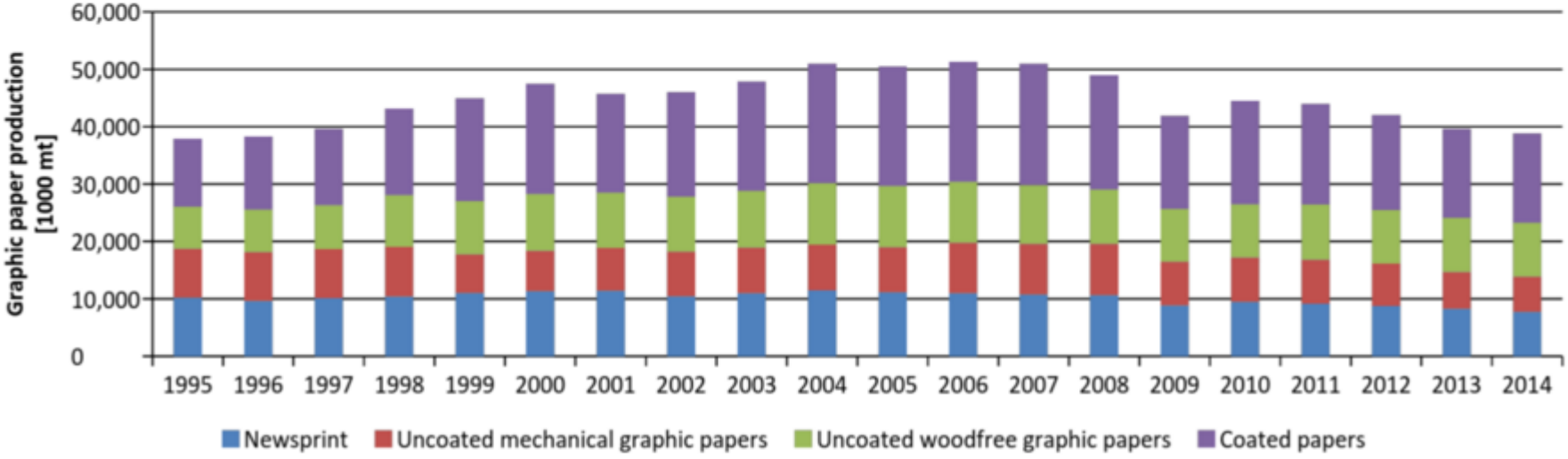
# TOTAL PAPER AND PAPERBOARD CONSUMPTION AND PRODUCTION



# TOTAL GRAPHIC PAPER CONSUMPTION AND PRODUCTION



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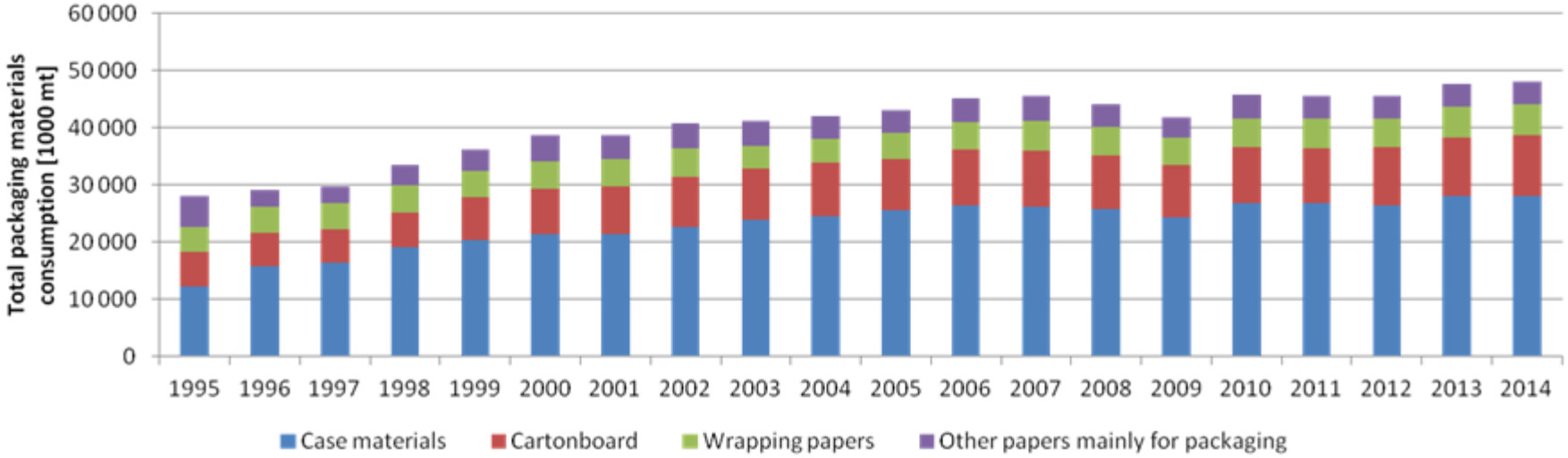
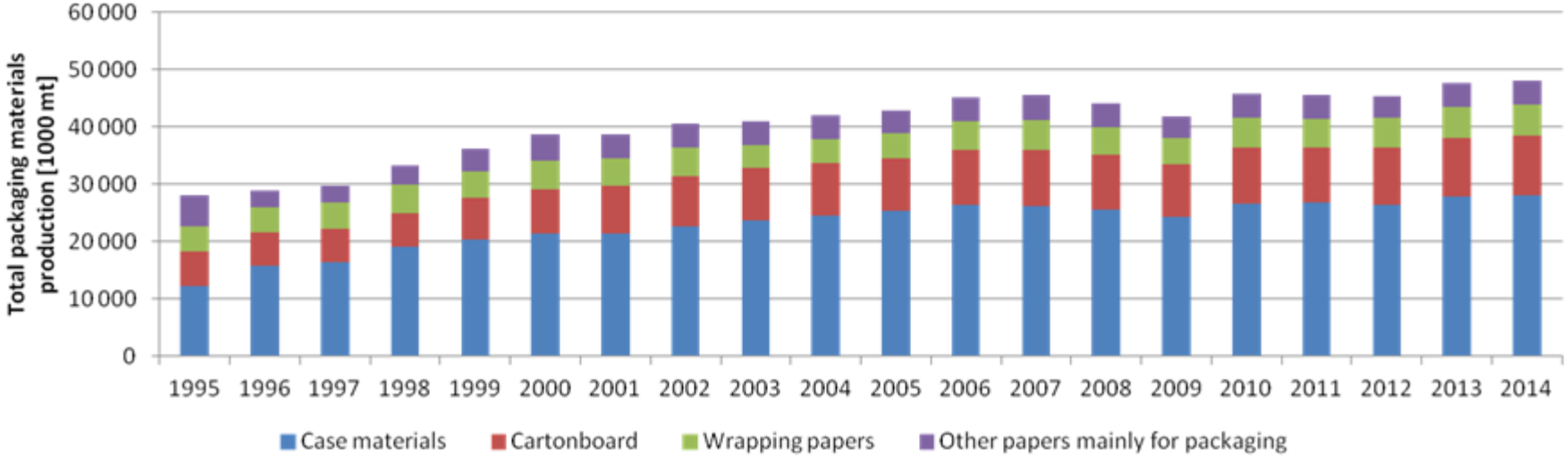
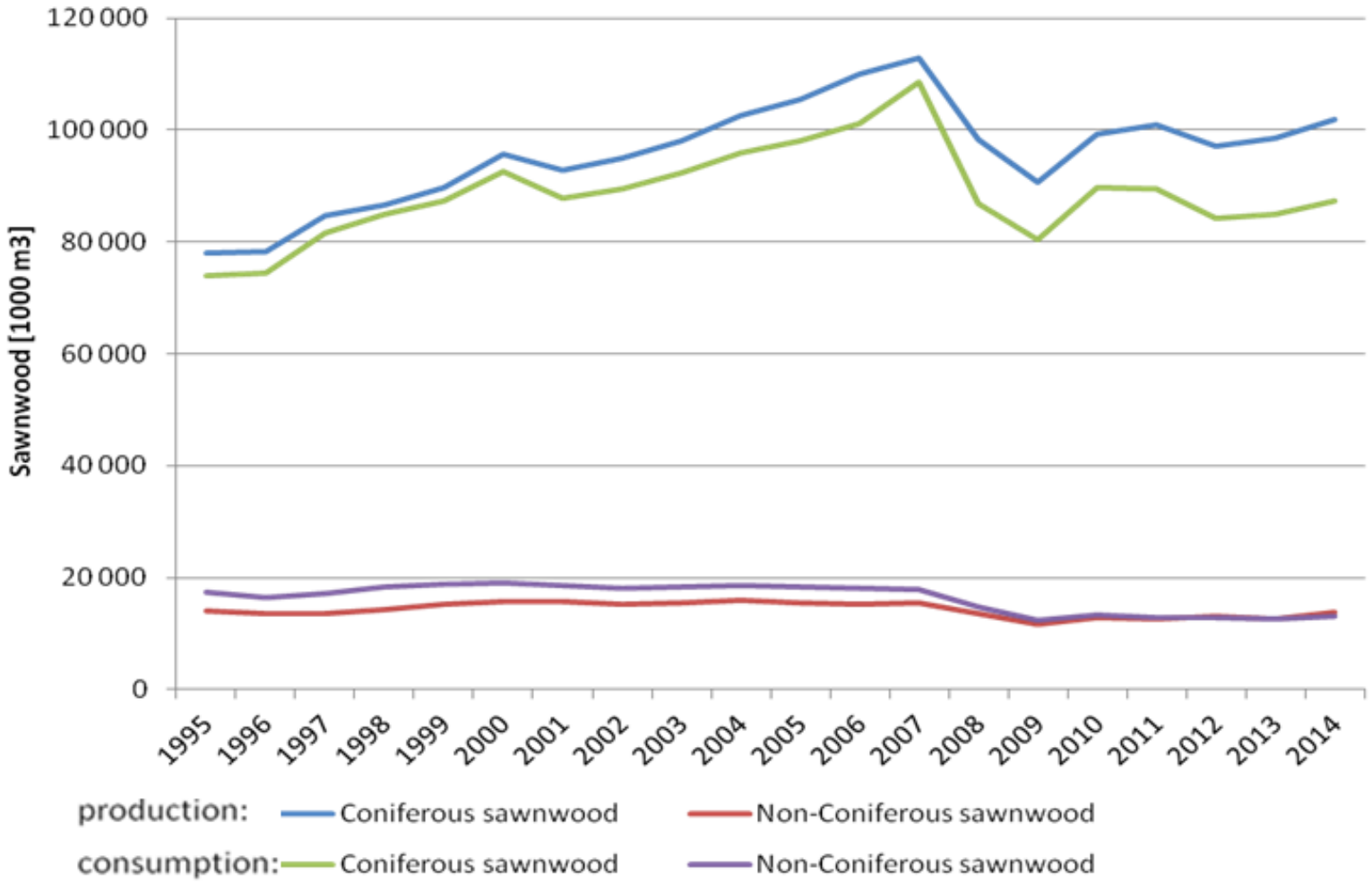
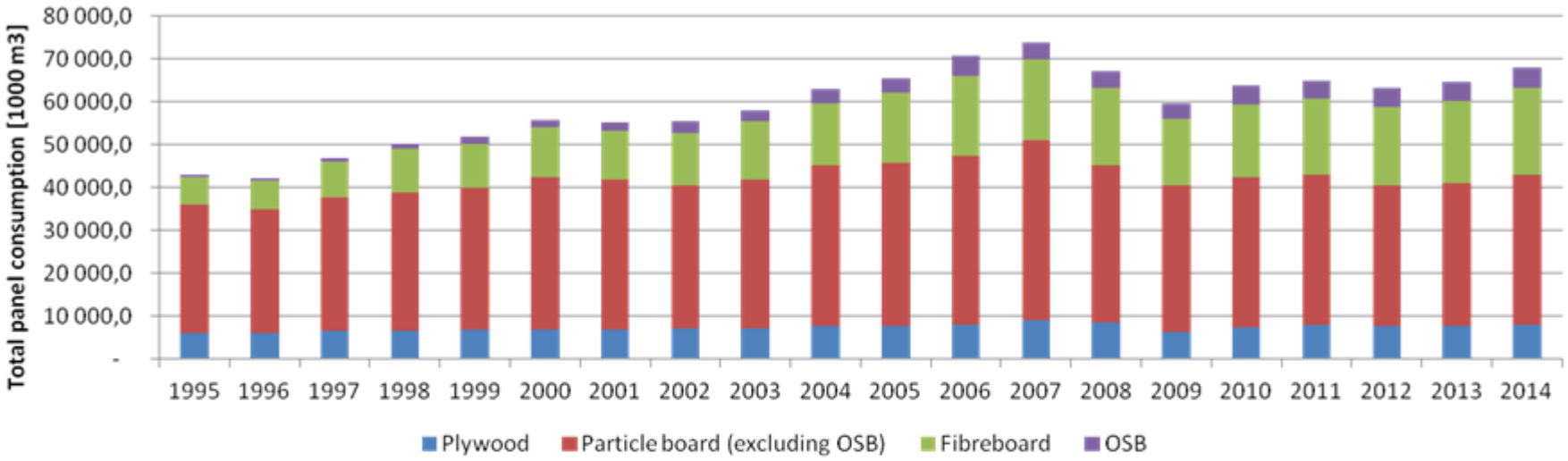


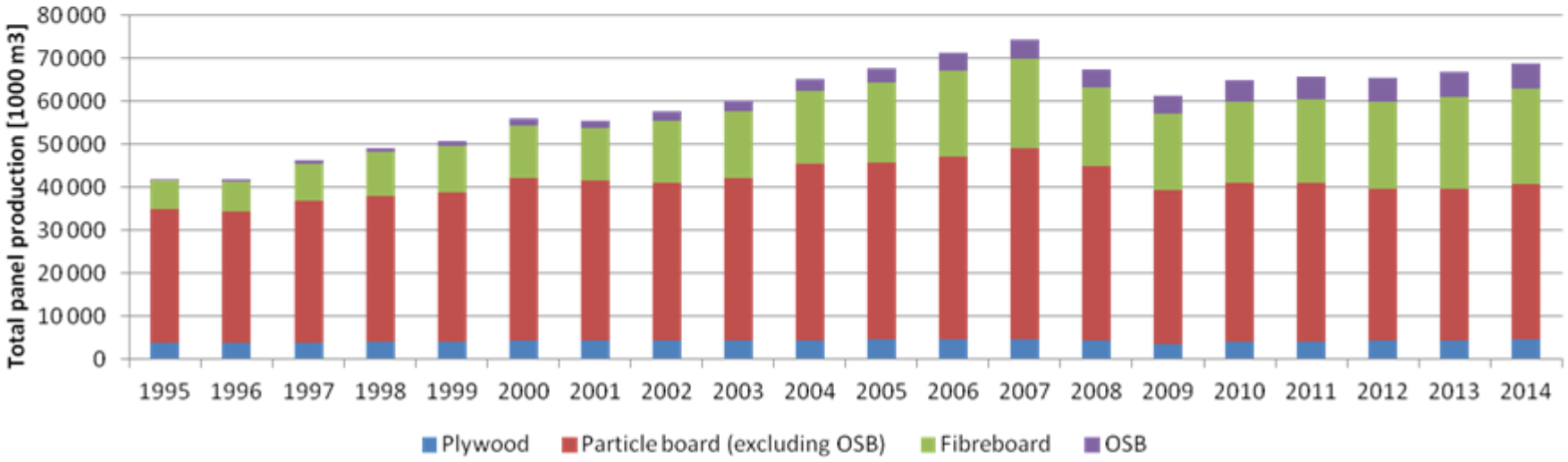



# SAWN WOOD CONSUMPTION AND PRODUCTION

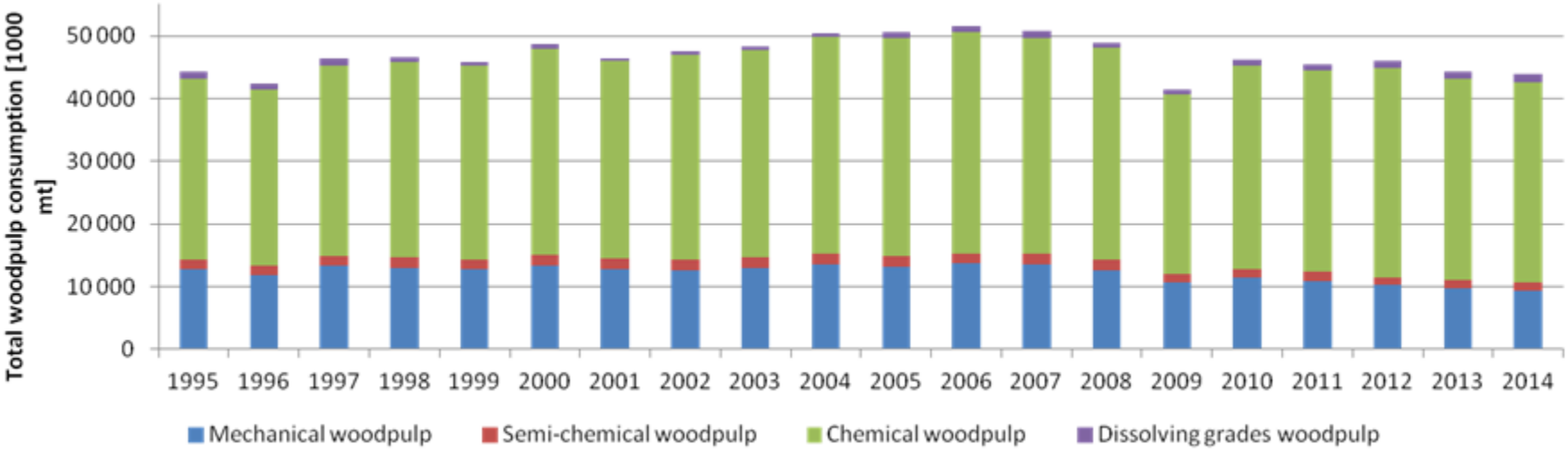


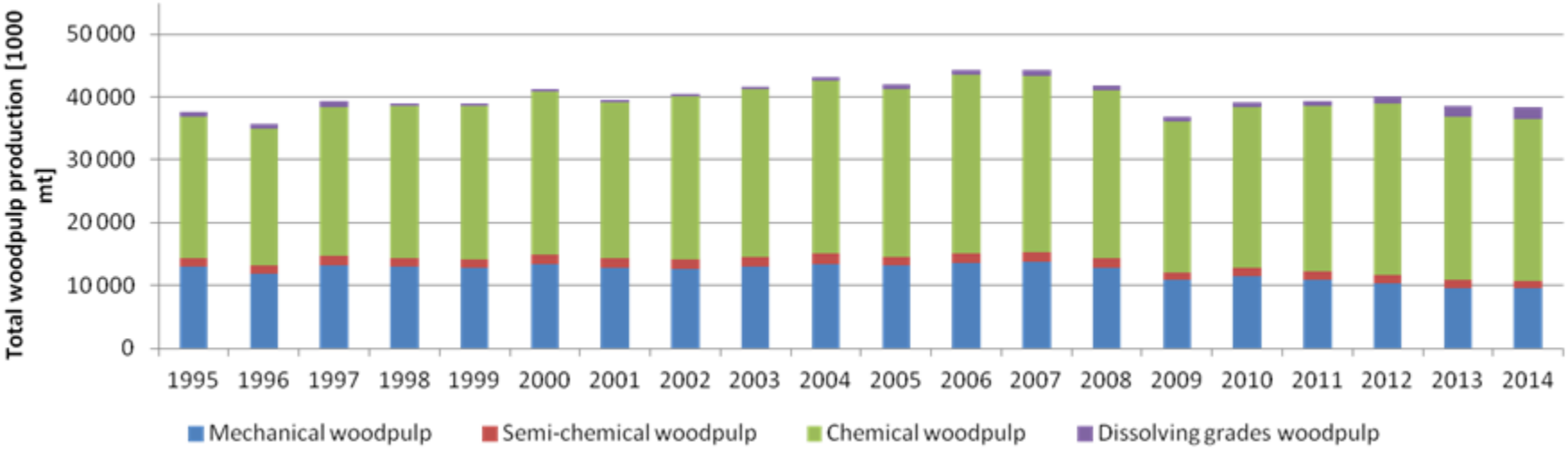
# WOOD BASED PANELS CONSUMPTION AND PRODUCTION



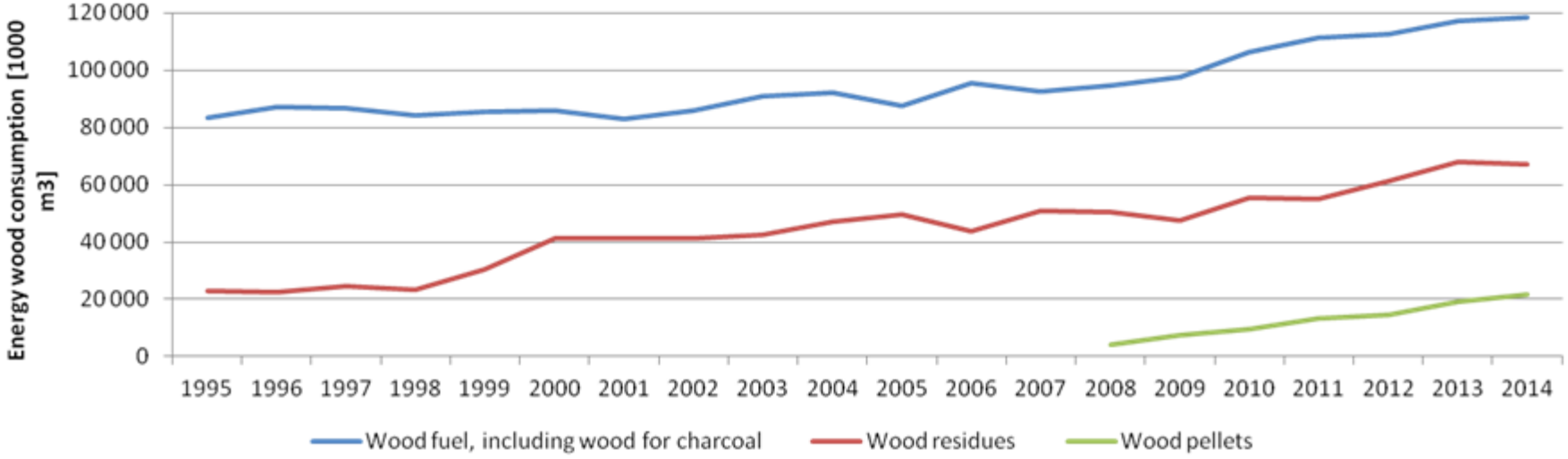



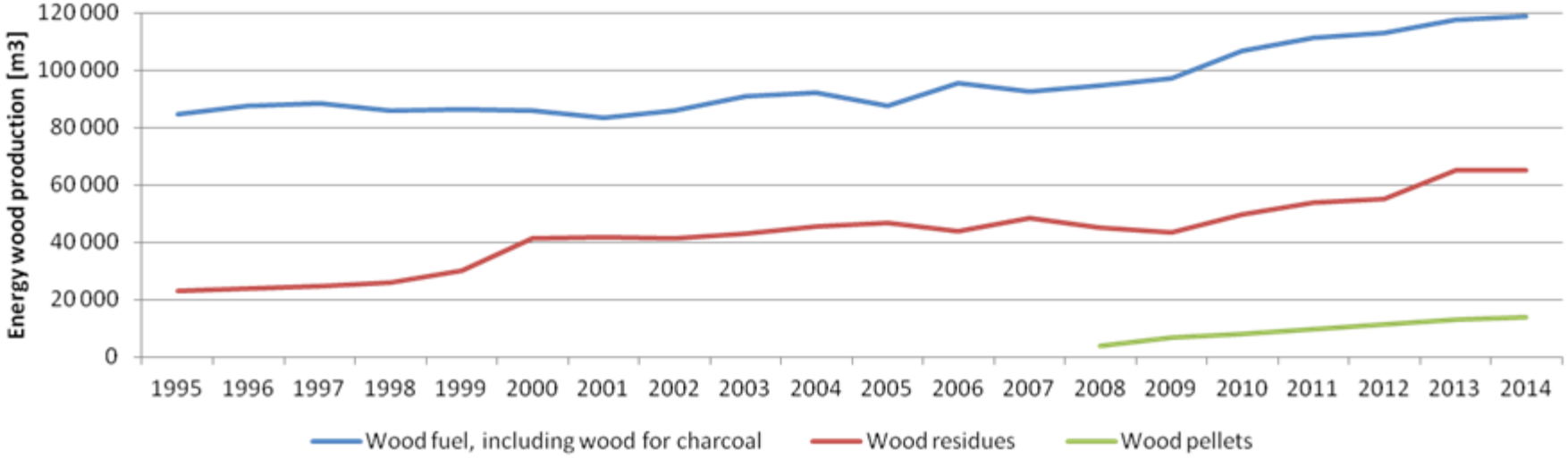
# TOTAL WOOD PULP CONSUMPTION AND PRODUCTION



# WOOD ENERGY


Energy wood consumption [1000 m3]
120 000
100 000
80 000
60 000
40 000
20 000
0
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
Wood fuel, including wood for charcoal
Wood residues
Wood pellets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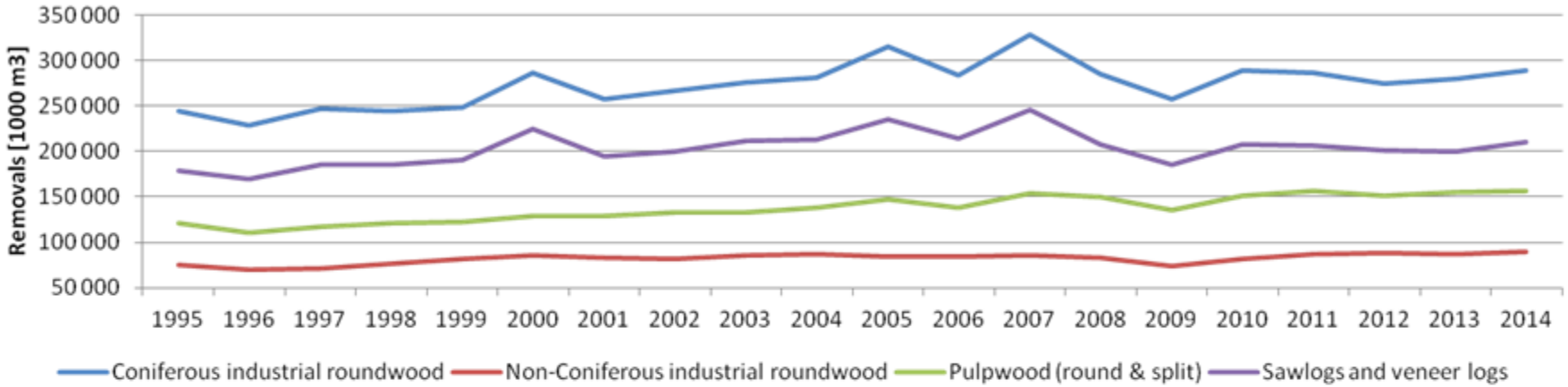
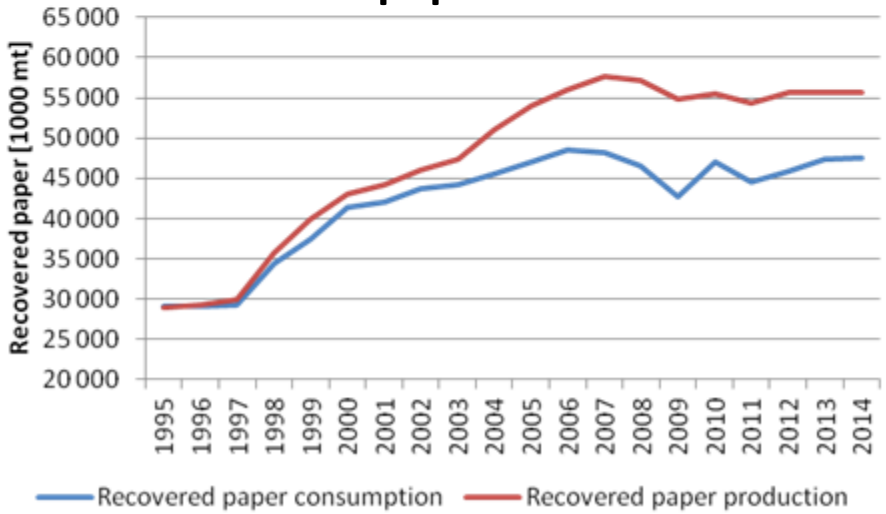
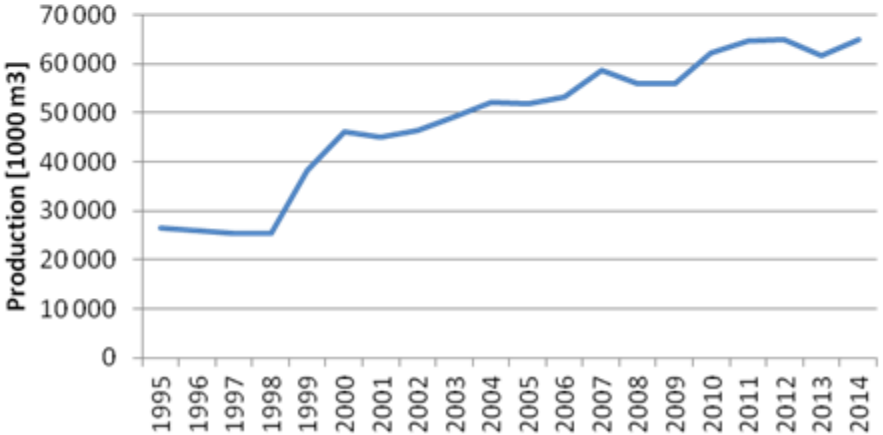
# RAW MATERIAL




## Recovered paper




## Chips and particles production



# EXPORT OUTSIDE EUROPE – percentage of production volumes

| | 2000 | 2014 |
|---|---|---|
| **Pulp** | 2.5% | 10% |
| **P&PB** | 15% | 22% |
| **Sawnwood** | 5% | 15% |

Source: UNECE and CEPI Databases, 1995-2014

# ECONOMICS OF MIXED COMPANIES
## Average ROCE in %/yr

| | 1998-2007 | 2008-2014 |
|---|---|---|
| Europe | 6.0 | 3.6 |
| USA | 5.4 | 6.3 !? |
| Japan | 2.4 | 2.4 |
| Emerging Asia & Others | 8.0 | 5.3 |
| Canada | 3.6 | 1.3 |
| Latin America | 8.0 | 3.8 |

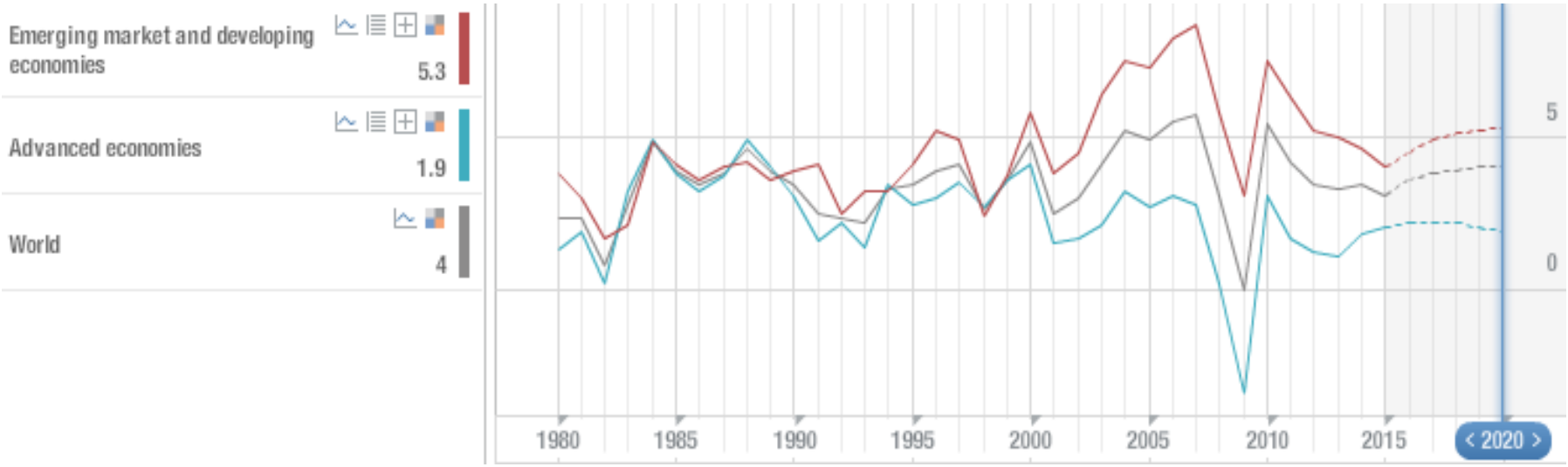
Source: PwC's Global Forests, Paper and Packaging Industry Surveys, 1998-2015.

# NEAR-TERM OUTLOOK 2016-2017

- High debt level in many European countries
- Decreasing growth in labor force and productivity
- Falling real raw material prices decreases inflation
- Geo-political unrest with costly immigration
- After 2010s, bungy-jump hovering economic development
- The Great Recession succeeded by the Great Moderation

# NEAR-TERM OUTLOOK 2016-2017

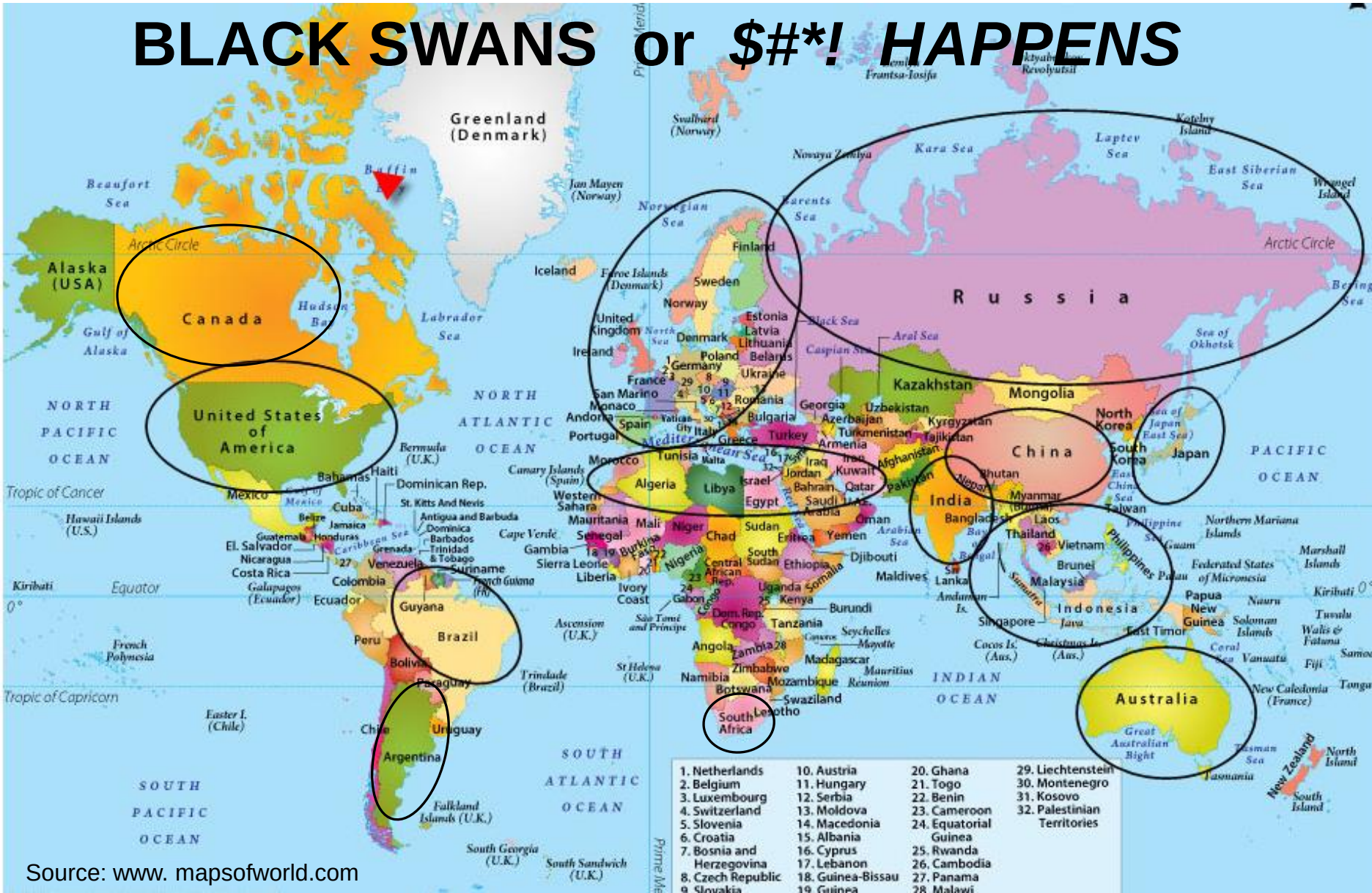
The European forest-based industry is extremely dependent on the global economic development




Source: IMF, World Economic Outlook, October 2015.

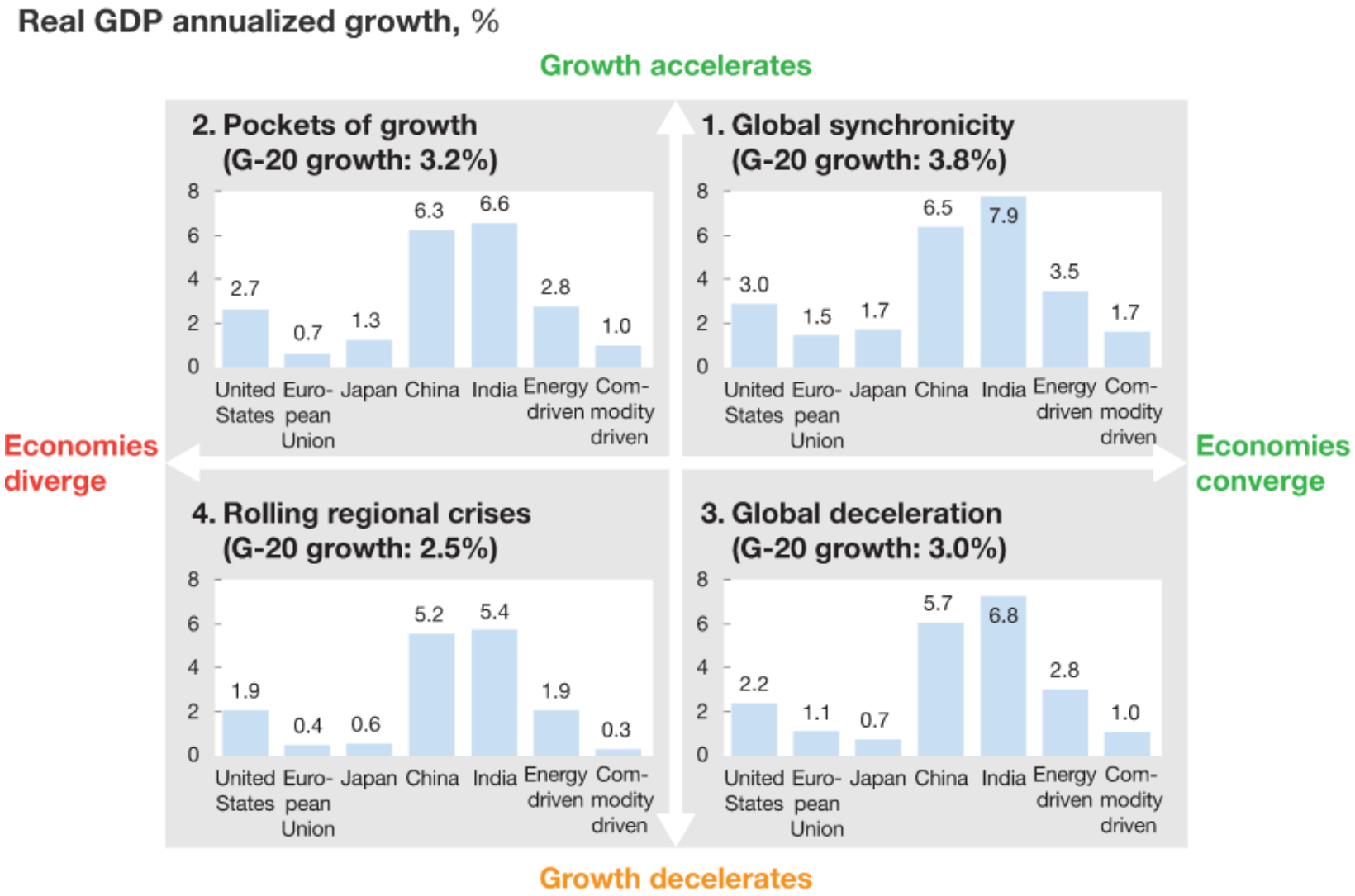
# LONG-TERM ECONOMIC STAGNATION MAY BE NORMAL

## BLACK SWANS or *$#*! HAPPENS*




Source: www. mapsofworld.com

# GROWTH SCENARIOS OF G-20 NATIONS 2015-2025




Source: McKinsey&Company, Insights & Publications, 2015.

# GLOBAL GROWTH RATES FOR COMMODITY PRODUCTS TO 2025 – 1

| | News print | Un-coated wood con-tain-ing P&W | Coated wood con-tain-ing P&W | Un-coated wood free P&W | Coate d wood free P&W | Hygi-ene | Liner & fluting | Folding box board | Pack-aging paper |
|---|---|---|---|---|---|---|---|---|---|
| Global growth rates (average %/yr) | -1.4 | -1.2 | -0.8 | +0.5 | +0.6 | +3.2 | +2.8 | +2.4 | +0.8 |

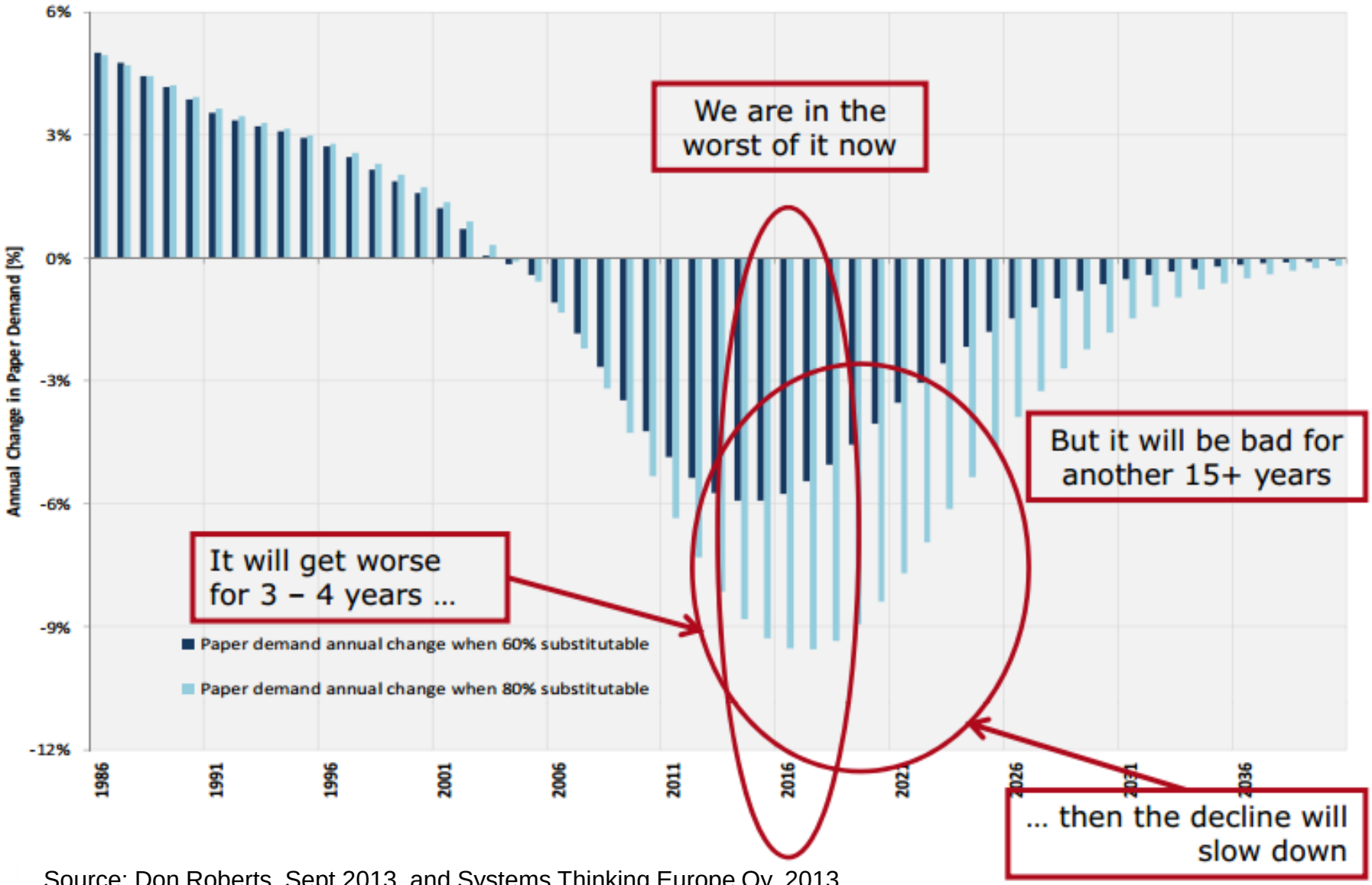
Source: von Troil, Pöyry, 2012; Pulp and Paper Capacities 2013; Pöyry, 2013; and Lockwood-Post, Directory, 2013; RISI, 2014.

# GLOBAL GROWTH RATES FOR COMMODITY PRODUCTS TO 2025 – 2

| | Bleached soft wood Kraft | Bleached hard wood Kraft | Mechani-cal Kraft | Dissolving + specialty pulps | Soft wood lumber |
|---|---|---|---|---|---|
| Global growth rates (average %/yr) | +/- 0-0.5 | 0.0 (3.0 EUC) | +/- 0-0.5 | +4-5 | (1.0) Conven-tional wisdom |

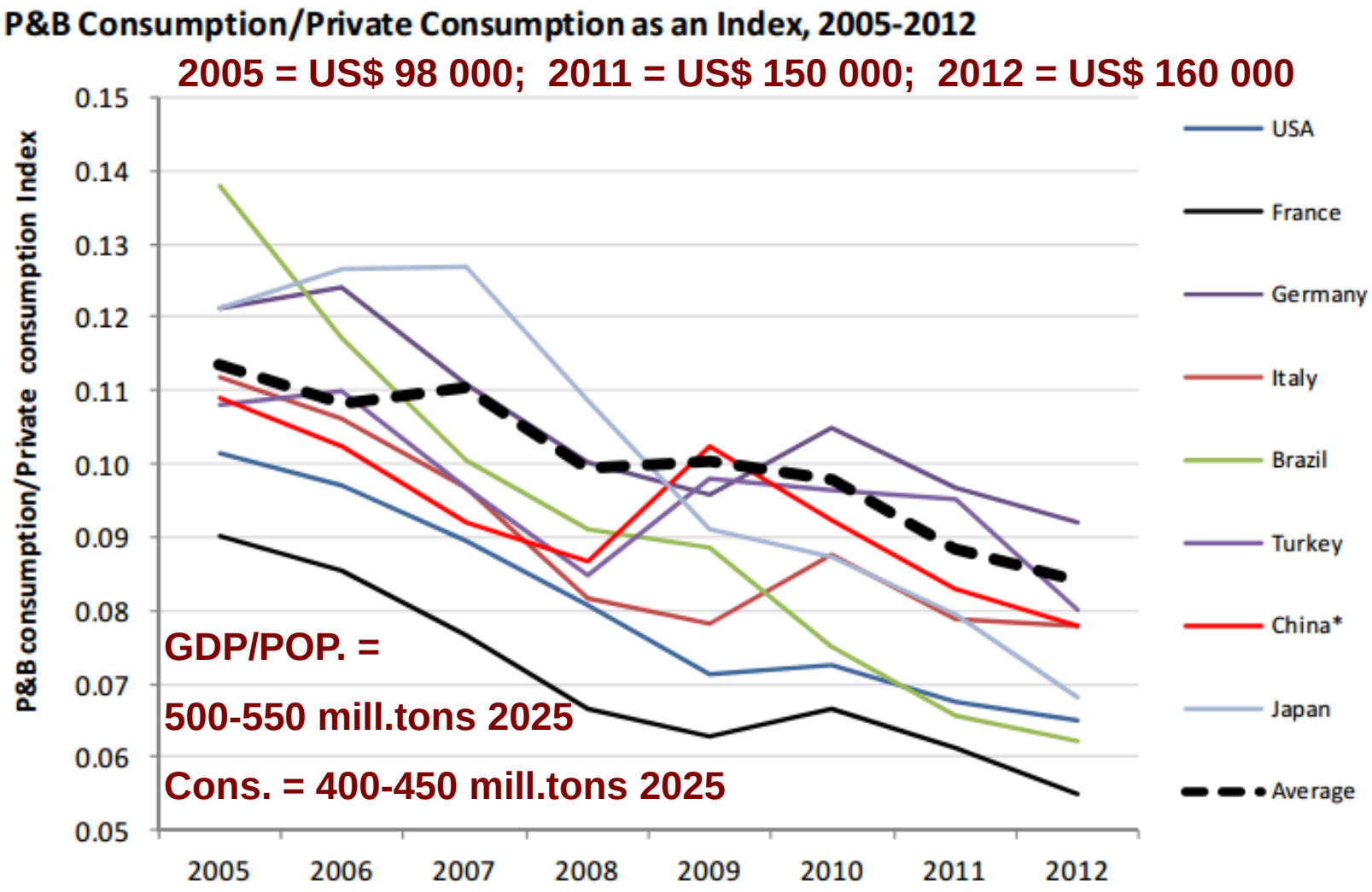
Source: Spelter et al., 2009; Pöyry, 2013; Pulp and Paper Capacities 2013; Forest Economic Advisers, 2013; the Sawmill Database, 2013; the Lockwood-Post Directory, 2013; and RISI, 2014.

# E-MEDIA SUBSTITUTION - NORTH AMERICA, EUROPE



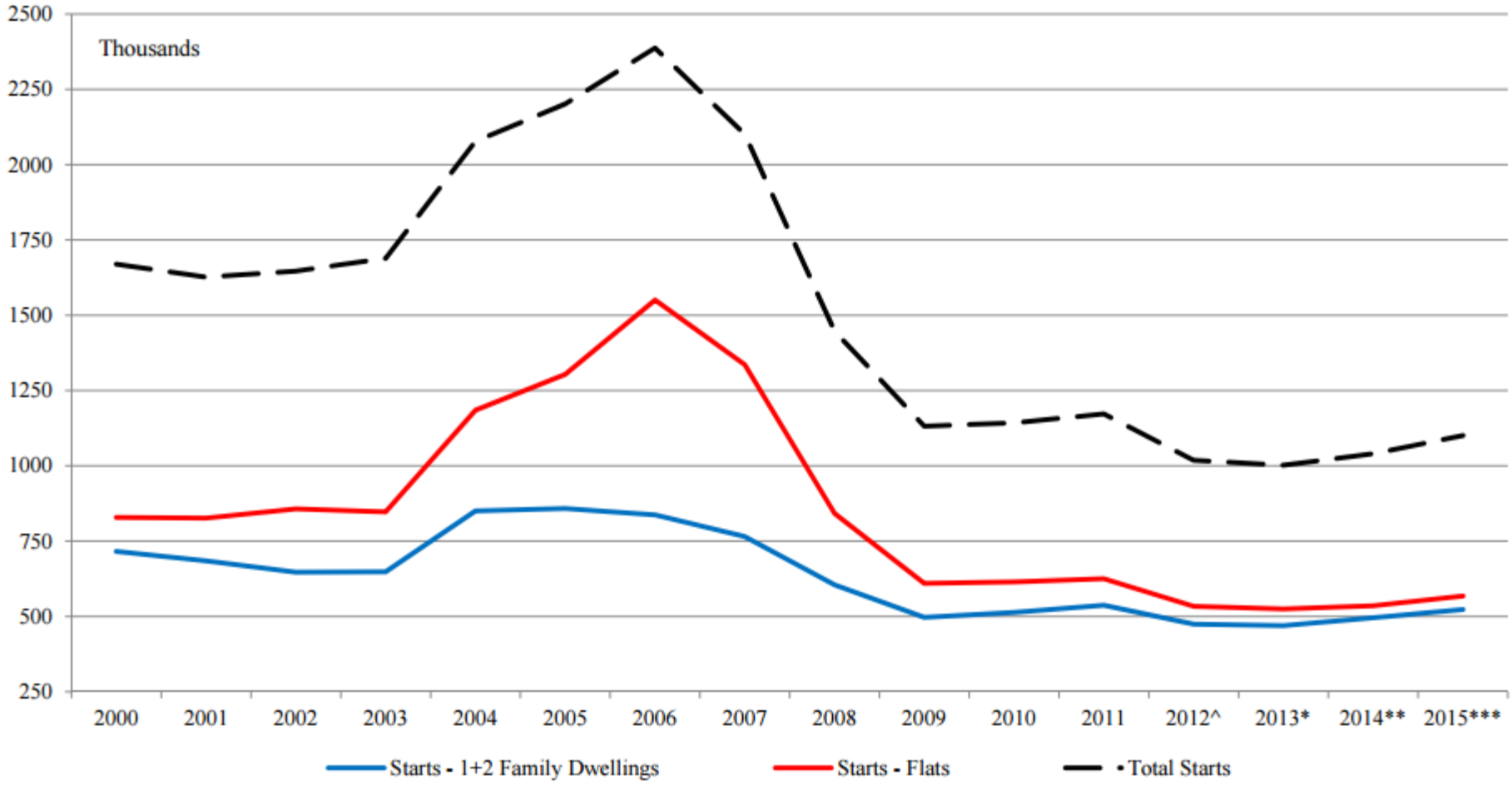

Source: Don Roberts, Sept 2013, and Systems Thinking Europe Oy, 2013.

# RELATIVE DECLINE IN CONSUMPTION IN MATURE AND EMERGING MARKETS



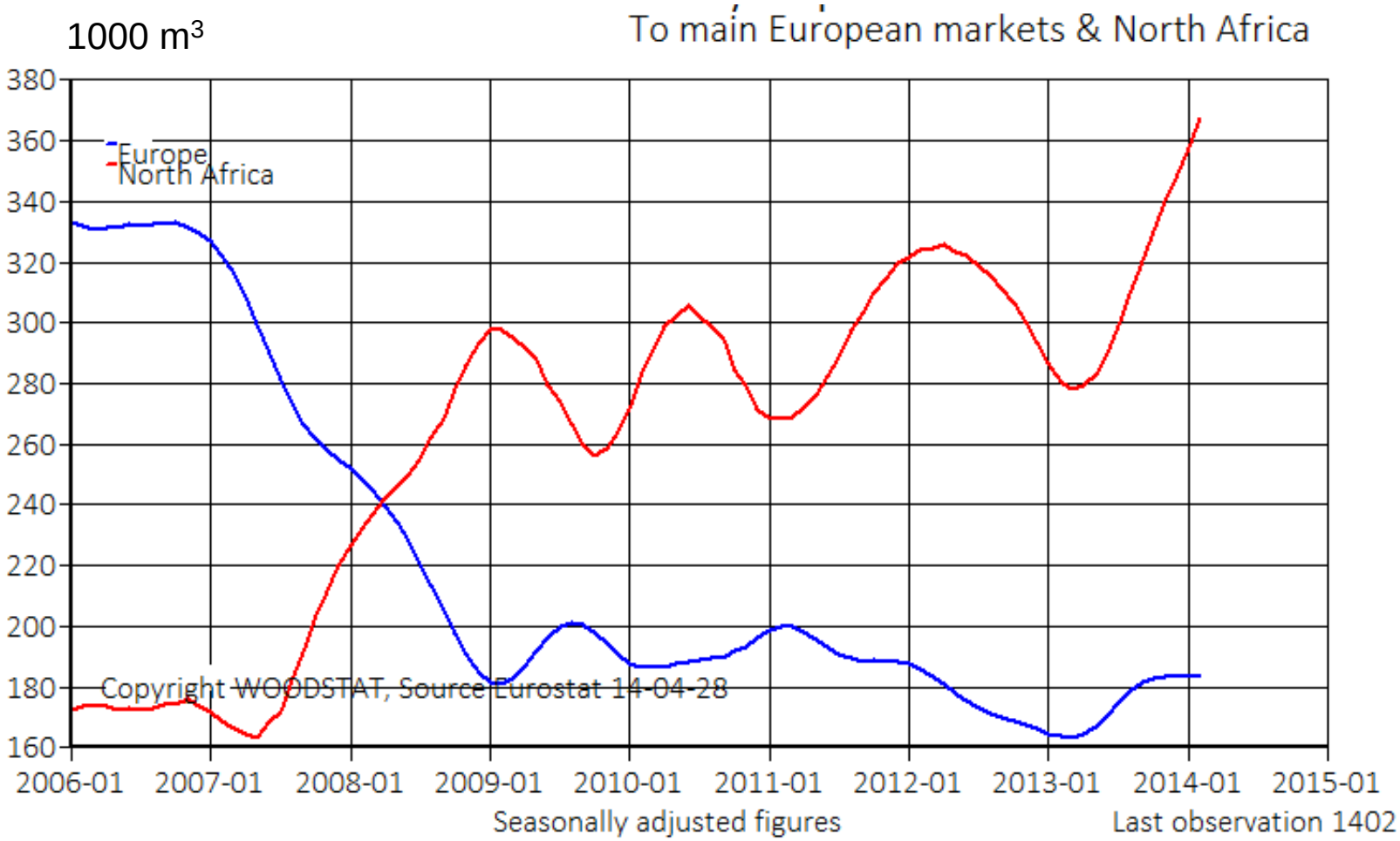

Source: Oliver Lansdell, Hawkins Wright Ltd., Feb. 2014.

# EUROPEAN HOUSING STARTS 2004-2015




Source: Alderman, D. USDA Forest Service, 2014.

# MONTLY EXPORTS OF SAWN REDWOOD FROM SWEDEN & FINLAND




Source: Woodstat, Database, visited May 4, 2014; prior consent received.

# POLICY – 1 – EUROPEAN CONCEPT

| | 2000 | 2014 |
|---|---|---|
| **Pulp** | 2.5% | 10% |
| **P&PB** | 15% | 22% |
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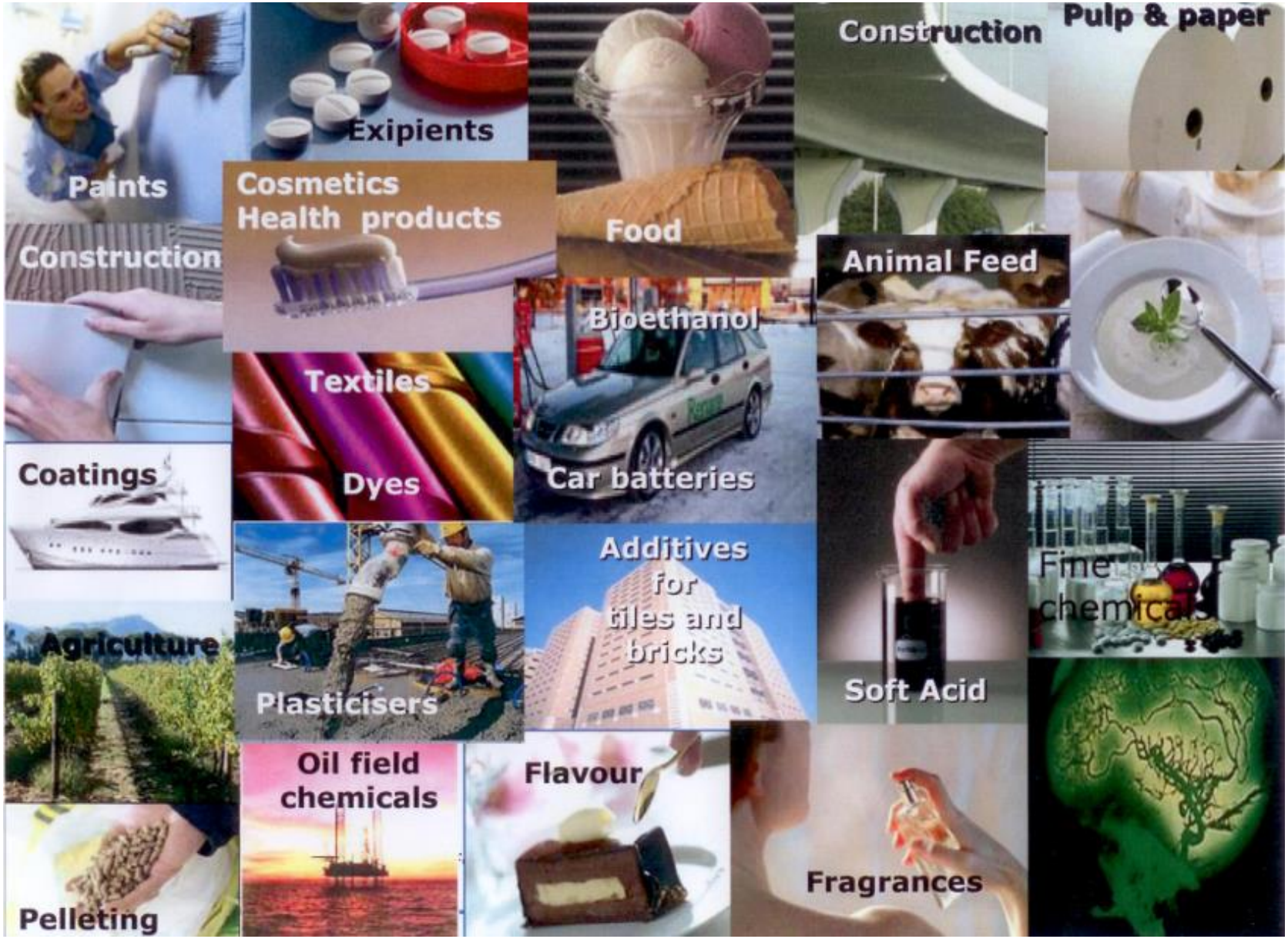
**The European Governments and UNECE / FAO Forestry & Timber Section must treat Europe as an integral part of the total world**

# POLICY – 2 – SECTOR TRANSFORMATION



# POLICY – 2 – SECTOR TRANSFORMATION

**The European countries and UNECE/FAO Forestry & Timber Section must establish flagship/mission programs on the European sector transformation**

- Substantial state support
- Innovation
- Cooperation over borders and sectors
- Stable and long-term policies encompassing several governments being in charge

# POLICY – 3 – BIO-ECONOMY

**Bio-economy is a prerequisite for successful transformation. European countries and UNECE/FAO Forestry & Timber Section must urgently move from talk-show to work-shop**

- Bio-economy is about political reorientation and fundamentally changed strategic thinking
- Bio-Economy is about integrated policymaking/political economy
- Bio-economy is about quality and includes many R's (reduce, reuse, recycle, replace, redesign, rebuild, redefine, revive, regenerate, reform, re-organize, rethink, re-imagine, re-invent and be resilient

# POLICY – 4 – SAWMILLING, SOCIETAL & CITY PLANNING

**European countries and UNECE/FAO Forestry & Timber Section must ensure that the sawmilling industry is an integrated part of the societal and city planning**

- 100 million people in the ECE region have 40%+ of disposable income for housing (UNECE, 2015)
- Elderly, young, middle-income, vulnerable and special groups are especially affected
- The sector must be in the forefront of the development of the infrastructure, inclusive city, climate-smart, sustainable, *green* buildings, etc.
- Production costs, urbanization, generation Y and Hotel Mama

# THANK YOU!

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