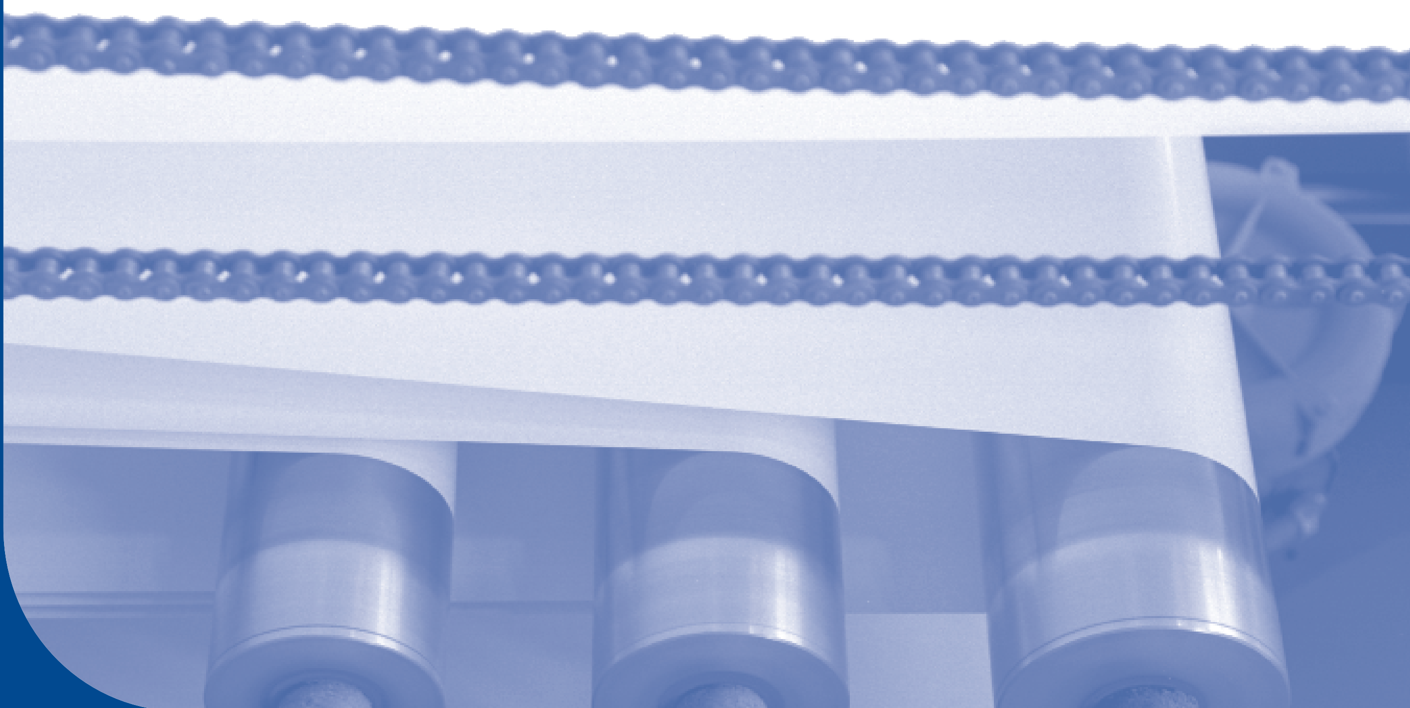
EMGE
Paper Industry Consultants

WOODFREE

FORECAST REPORT - INCLUDING FORECASTS OF DEMAND, SUPPLY AND PRICES



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Regional Classifications

The EMGE European Woodfree Report is structured to include both Western Europe and Eastern/Other Europe region (excluding Russia), together with European-wide totals.

Specifically, there are 3 main geographical groupings in this report (W.Europe-16, E.Europe-14 and Europe-30), which are composed as follows:

W. Europe-16 :

Germany, France, UK, Italy, Finland, Norway, Sweden, Belgium, Luxembourg, Netherlands, Spain, Portugal, Austria, Switzerland, Denmark, Ireland.

E. Europe-14 :

Poland, Greece, Czech Republic, Hungary, Romania, Slovakia, Estonia, Latvia, Lithuania, Slovenia, Bulgaria, Cyprus, Malta, Iceland

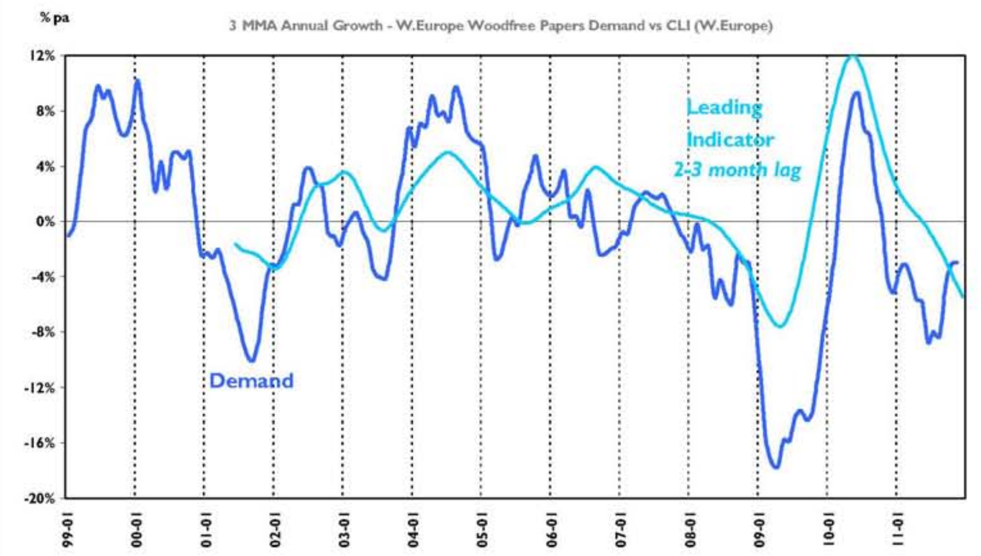
Europe-30 :

All of the above. Quarterly Market forecast tables have been organised into their own section (see, page 105 onwards).

In addition to the above regions, we have again included a brief section on Russia (see page 7), at the request of a number of clients.

Introduction

CHART 1. EUROPEAN WF PAPER DEMAND vs. OECD LEADING INDICATORS



* *The OECD Composite Leading Indicator is based on a various financial and business factors, which are calculated statistically to provide a few months' advance notice of economic activity – in this instance we have USED the OECD W.European series.*

This forecast report ("*EUROPEAN WOODFREE DECEMBER 2011*") is an update in the **EMGE** series *EUROPEAN WOODFREE.*

In this report, we present forecasts for the European Woodfree paper market from 2010 to 2015.

Based on all the data available (to October 2011) and combining the latest developments in the markets, we present an updated outlook for demand, trade, investment, capacity, operating rates and prices for the European Woodfree paper markets. The sub-grades covered include Coated Woodfree Sheets and Reels, as well as Uncoated Woodfree Cut-Size, Folio Sheets and Reels. The report does not cover speciality grades or 1-side Coateds.

Also, in this issue, we introduce an upcoming new media development (see page 21) that has the potential to compete with print for advertising spend – ***Social Networking Media (e.g. Facebook)****.*

Forecast Summary: Data

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]							
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

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[illegible]	[illegible]			[illegible]			
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Below are our annual forecasts by region. For quarterly forecasts, see page [illegible].

Forecast Summary: Europe-30

TABLE 5: WOODFREE PAPER MARKET SUMMARY: EUROPE-30							
SEPTEMBER 2011 FORECAST							
'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
GDP Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
'000 tonnes							
COATED WOODFREE (2-side)		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNCOATED WOODFREE		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
WOODFREE (Coated + Uncoated)		2011	2012	2013	2014	2015	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

EMGE & Co. [illegible]

Forecast Summary: W. Europe-16

TABLE 4: WOODFREE PAPER MARKET SUMMARY, W. EUROPE-16							
SEPTEMBER 2011 FORECAST: W.Europe-16							
'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
GDP Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
'000 tonnes							
COATED WOODFREE (2-side)		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Prices [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Prices [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
UNCOATED WOODFREE		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Prices [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Prices [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
WOODFREE (Ctd 2-side + Uncoated)		2011	2012	2013	2014	2015	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

Forecast Summary: E. Europe-14

TABLE 5: WOODFREE PAPER MARKET SUMMARY, E.EUROPE-14

SEPTEMBER 2011 FORECAST, E.Europe-14

'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
GDP Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
'000 tonnes							
COATED WOODFREE		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports							
W. Europe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNCOATED WOODFREE		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

EMGE

Forecast Summary: Russia

TABLE 6. WOODFREE PAPER MARKET SUMMARY: RUSSIA

SEPTEMBER 2011 FORECAST, Russia

'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
GDP Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
'000 tonnes							
COATED WOODFREE (Grades)		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNCOATED WOODFREE		2011	2012	2013	2014	2015	2010-15
Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth p.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

Our overview of the Russian market is shown separately as it is not included in the forecasts for E.Europe-19 or Europe-20 in this report.

Deliveries, Capacity and Operating Rates

TABLE 7: DEMAND SUPPLY OUTLOOK

Europe-30

'000 tonnes	2010	2011	2012	2013	2014	2015
COATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNCOATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

W.Europe-16

'000 tonnes	2010	2011	2012	2013	2014	2015
COATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNCOATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

E.Europe-14 (UWF only)

'000 tonnes	2010	2011	2012	2013	2014	2015
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Economy / GDP

TABLE 8: EMGE's ECONOMIC FORECAST						
European GDP – real growth %pa						
	Germany	**France**	**UK**	**Italy**	**Rest**	**Europe-18**
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long-term average growth % pa:						
2005-10 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Nordic	**Benelux**	**Iberia**	**[illegible]**	**[illegible]**	**Europe-18**
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long-term average growth % pa:						
2005-10 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Forecast Summary: Commentary

CHART 3: EUROPEAN WF PAPER DEMAND SUMMARY – 2011 & 2012 GROWTH

- Following negative demand in 2011, the very short-term outlook for Woodfree paper demand remains stagnant/negative, with European economic activity weighed down mainly by worries about the financial stability of several highly-indebted Eurozone countries, and by extension, the Eurozone itself, as well as stubborn unemployment levels and falling Woodfree Paper prices, which encourages reductions in inventory.

- In 2011, W.Europe-16 demand is estimated to fall by -3.5% for Coated Woodfree and by -5.4% for Uncoated Woodfree.

- In E.Europe-14 in 2011, we expect demand to fall by -4.0% for Coated Woodfree and -5.5% for Uncoated Woodfree. This is a downgrade on our forecast, as apparent demand has been affected by a slowing economic outlook in Eastern Europe.

- All of this adds up to our demand estimates for the Europe-30 region in 2011, which are -3.4% for Coated Woodfree and -5.4% for Uncoated Woodfree.

- We expect the current downturn to bottom in the next month or two, as worries about the Eurozone crisis settle. We predict that the declines in demand will ease, with demand actually returning to growth in mid-2012, boosted by the London Olympics and the Euro 2012 football championship in Ukraine and Poland. The balance for 2012 as a whole is forecast to be flat in W.Europe-16, but positive in E.Europe-14 and Europe-30.

CHART 10: HISTORICAL WOODFREE PAPER DEMAND

Woodfree Papers, 1000t

- Global economic demand is expected to weaken after the US Presidential election in late 2012 and especially in 2013, largely because we believe the new US President will have no option but to make dramatic changes in policy and deep spending cuts to prevent the country's finances spiralling out of control.

- This is expected to be a difficult process altogether and the outcome will have a negative impact on global economic growth. European (and Asian) economies and paper markets will also be affected. Consequently, our paper demand forecasts for 2013 are significantly negative.

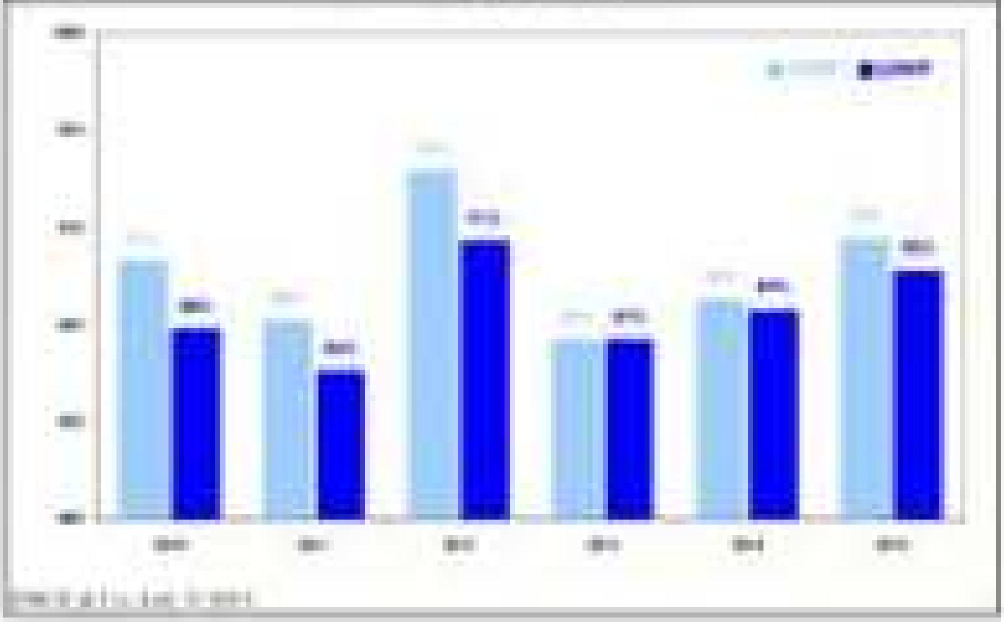
- During 2014, we predict a more stable situation, with the market cycle beginning to improve and demand returning to growth once again later in 2014 but not strongly enough to make 2014 a positive year. However, unless worries about several countries' sovereign debt turn into a full-blown financial crisis (see "*Demand - Growth*" section, page 20), this upturn is forecast to be extended and continue in 2015, which we expect to be a year of growth.

- In the long term, amid a range of demand dampening factors (see *End-Use Demand Drivers*, from page 24), the long-term trend for Woodfree paper demand in Europe is expected to be negative. As such, long-term demand is forecast to be negative in W.Europe-16 (-2.0% pa average for 2010-2015 in Coated Woodfrees and -3.0% pa average in Uncoated Woodfrees). However, from a much lower base, we expect a slightly positive trend in E.Europe-14 (+0.9% pa average in Coated Woodfrees and +0.6% pa average in Uncoated Woodfrees).

- Added together, this gives us a negative long-term forecast for the Europe-30 region (-1.7% pa average in Coated Woodfrees and -2.5% pa average in Uncoated Woodfrees).

CHART 31: OPERATING RATES FORECAST

Woodfree Papers, Europe-30



- Due to global and European overcapacity, the forecasts show considerable cutbacks in papermaking capacity, generally following periods of particularly heavy overcapacity.

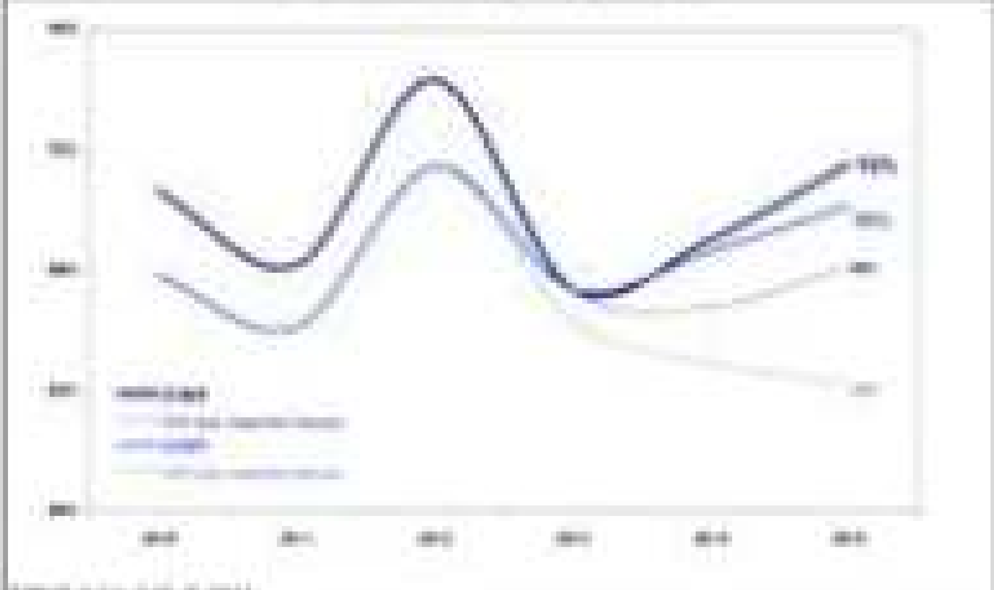
- Following a relatively weak 2011, the cutbacks already announced are forecast to help Operating Rates rise above 90% in 2012 (see chart above). We expect this to help paper suppliers balance the market in 2012.

- The forecast paper machine closures (which have not yet been decided), are predicted to take place mainly in 2014 and 2015. These will be in response to the poor forecast year of 2013, which is predicted to see Operating Rates fall to 87%, due to poor economic/ demand conditions.

- The subsequent (as yet undecided) closures are then forecast to help boost Operating Rates back up to 89% in 2014 and 90% and above in 2015.

CHART 5: OPERATING RATES - BASE vs. FORECAST

Base vs. Forecast Capacity, Europe 28



Source: EMGE & Co. Ltd. © 2011

- The industry has proven itself capable of closing capacity when necessary, which is one of the reasons why we have forecast more capacity cutbacks than have so far been announced. However, we warn that **if the industry does not make more closures than it is currently planning,** then we would expect Operating Rates in line with our Base Capacity. This would be especially difficult **in the Uncoated Woodfree sector,** where **Operating Rates could slide below 85%,** we predict (88% in the CWF sector).

- Despite a weak Euro, we expect European Coated Woodfree net exports to fall during the forecast period, due to weak global demand and competition from Asian capacity. Uncoated Woodfree net exports are expected to rise in 2011 and 2012 but to be followed by declines in 2013 (due to poor demand) and 2014/2015 (due to European capacity cutbacks).

- Prices, meanwhile, are falling as forecast, but we expect this to end during the first quarter of 2012, partly due to seasonally stronger demand and capacity reductions boosting Operating Rates and partly due to Chinese buyers re-entering the pulp market and starting a new global price upcycle. This should then be followed by a moderate price recovery during the improving demand trend and sporting events in 2012, followed by renewed declines in the poor 2013 that we are forecasting.

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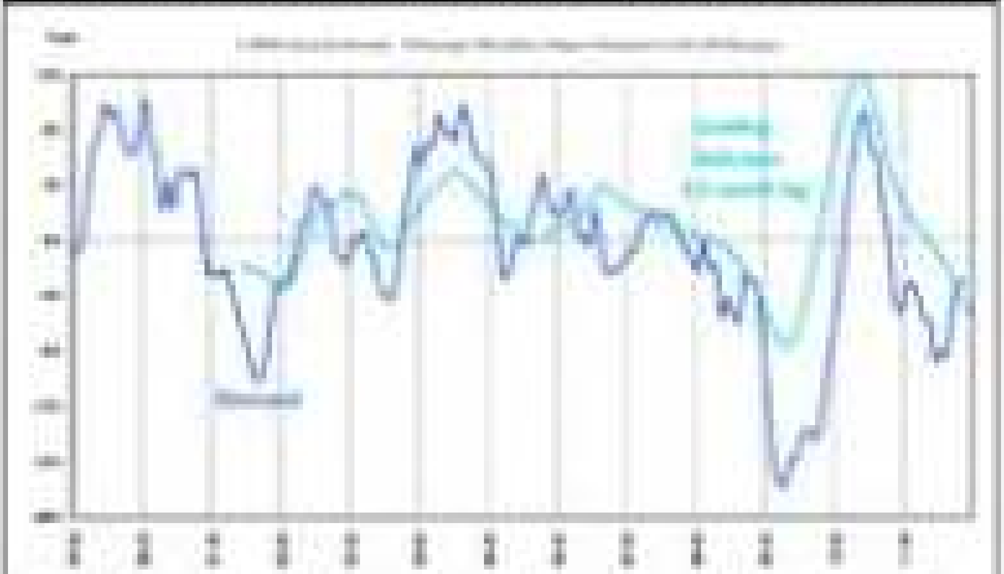
1. Demand

1.1. Demand: Short-term Outlook



As in our last report, our forecast cycle involves a drop in demand in 2011, with the decline getting shallower towards year-end 2011 and then returning to growth around the middle of 2012. In the past couple of months, the decline has indeed begun to get shallower, but we are concerned that this is not yet the start of the improvement we have been expecting, because the indicators remain weak (see above chart).

The shallower falls in demand in the past couple of months have in fact only been seen in Coated Woodfree, while Uncoated Woodfree demand has remained firmly in decline ([illegible] for the 3 months to November 2011 and -4% in November alone). In Coated Woodfree, we believe the recent improvement in the demand trend was mainly due to buyers switching from Coated Mechanicals, rather than due to any improvement in the underlying demand drivers for Coated Woodfree. We believe orders for Christmas business favoured Coated Woodfree (for which prices have been weakening), instead of Coated Mechanicals (for which prices have risen this year).

CHART VII: PAPER DEMAND FORECAST, BY YEAR

Europe-20, Woodfree Papers

Coated Woodfree apparent demand apparently weakened again in November (-2% compared with +2% in October), and we maintain our expectation that the recent improvement will be temporary. This is backed up by the fact that underlying demand drivers have shown no significant recent improvements from the slightly negative situation we have seen for much of this year.

Although political and financial leaders in the European Union are making rather slow progress on budget deficit rules and bailout funds that will reassure the financial sector, the scenario behind our forecasts in this report presumes that they will not fail. Although we are not currently forecasting a new financial crisis, we do acknowledge the possibility (see "Demand – Context").

Still, even without a new Credit Crunch, businesses and consumers have reduced their spending because they are worried about the potential for a new recession, while governments have reduced their spending to try to prevent their budget deficits from getting too much worse. All of this adds up to slow economic activity amid still high unemployment.

This is reflected in the generally negative demand drivers that we are seeing in the market place. Examples of weak drivers of European paper demand are fairly widespread.

Warc is expecting a drop in press advertising in 2011 in France and the UK, and total advertising is predicted to fall in Italy, while Germany is expected to be the only major market with advertising in growth, at around +2% (before inflation). Separately, Nielsen has been reporting a steady slowdown in German magazine advertising growth each month, to +1.1% for the year to October 2011, compared with around +2.9% in September (and higher growth rates earlier in the year). Overall, the pointers suggest a drop in Western European magazine advertising pages.

Staying with magazines, consumer magazine circulation is falling in the UK, because of closures. Although like-for-like circulation was stable in the first half of 2011 (which was already a slowdown from growth of +4% in the second half of 2010 and +3.3% in the first half of 2010), this does not include magazines which stop publishing, not the UK's largest circulation title, Sky TV magazine, which is no longer to be printed monthly. In Germany, meanwhile, total magazine circulation is continuing to fall by around -1.5% to -3%, as it has been for two or three years now. The quarterly declines this year have been -3.8%, -2.9% and -3.6%, respectively.

In the mail sector, the UK's leading carrier, Royal Mail, reported a -4% drop in letter volumes in the six months to September 2011, with volumes down by -20% in the past five years. Not only that, but further falls are expected to result from a new scheme between the UK government and the direct marketing industry, to set up a website by April 2012 that will enable households to opt out of receiving all advertising mail.

Before the new opt-out service was announced, Royal Mail had predicted that letter volume declines would continue at around -5% per annum for the next five years. La Poste, meanwhile, the national carrier in France, reported a "continuing" decline in volumes of -3.4% in the first half of 2011. Germany's Deutsche Post DHL also reported a structural decline in mail volumes in the third quarter, "due to e-substitution", although the company did not put a figure on the drop.

In addition, the media landscape is about to change once again, with the rise of new Social Networking media, in particular Facebook, fighting for a share of the advertising/marketing pie.

In the printed book sector, a minor user of Woodfree Paper, sales in the UK have been falling by -4% to -10% in recent months, although these declines are in comparison with a strong year-earlier period, which was boosted by paperback sales of the final book in the highly successful "Twilight" series of books in the second half of 2010.

With almost all of the available short-term demand indicators pointing to falling volumes of printed materials, the printing sector might be expected to be suffering, but interestingly, the surveys from the two largest print sectors in Europe (Germany and the UK), have actually been rather contrasting in recent months.

In Germany, the picture generally is rather negative. Printing industry sentiment has been hovering above and below the zero mark for a year or so, although the last couple of months have been below the line. However, the Expectations Indices for the coming 6 months are much worse, with the last couple of months showing far weaker confidence than earlier in 2011.

In the UK, in contrast, the latest printing industry survey (Q3 2011) showed improved business conditions, with more companies reporting third-quarter order levels being normal or better for the time of year, and operating rates and lead times rising. Short-term expectations were are also quite good, with more companies expecting an improvement than a decline, and the balance of companies expecting to hire, rather than fire, workers is slightly positive, too.

These two rather contrasting markets do not combine into a very clear picture, but the pessimistic Expectations in Germany do at least reflect a market generally in decline (judging from the demand drivers), while the optimism in the UK is probably more related to the low starting base, given declining statistics for a range of print-using media in that country.

In our view, almost all of the available indicators point to real, underlying consumption being in decline, which would suggest that the recent improvement in the Coated Woodfree apparent demand trend does not signal a turnaround yet.

However, we do expect that, the financial markets and consumer nerves will soon calm and, in due course, when companies and consumers get more used to the new economic situation, spending will gradually becoming more normalised again.

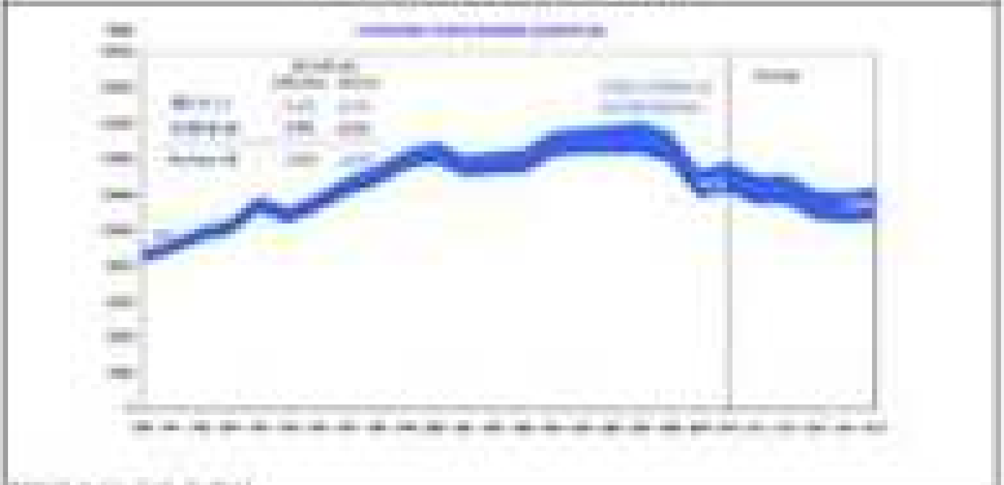
From this stabilisation, we in fact expect European Woodfree demand to return to growth in 2012, helped by a (temporary) economic and marketing and editorial boost from the Olympic Games in London (the last European Olympics – in Greece in 2004 – helped the economy to recover from the very weak 2003). In addition, the Euro 2012 football championship, which should benefit not only the host nations of Ukraine and Poland, but also the press in the nations taking part, so much of Europe could see a moderate boost.

The forecast improvement will begin from a negative position, and although we are forecasting a return to demand growth during 2012, the delayed start of the improvement means we have downgraded our forecast for the full year from positive to slightly negative.

1.2. Demand: Long-term Outlook

CHART VIII: WOODFREE PAPER DEMAND FORECAST, BY REGION

Europe-28, Historical & Forecast



We mentioned earlier that the upturn in 2012 is only expected to be temporary, followed by a return to decline in 2013. This is partly because there are few strong growth drivers either in Europe or worldwide, but mainly because we expect fairly dramatic cost-cutting by the new US government, following the Presidential election in late 2012. The current government is expected to keep cuts to the bare minimum ahead of the election, to avoid alienating voters, but a new budget agreement will be necessary, once the election is over. This process, and the budget cuts themselves, are expected to have a dampening effect on the USA and global economy in 2013, and that includes Europe. We expect the deepest cuts to be implemented in 2013, and perhaps also stretching into 2014. However, by 2014, we predict that banks, businesses and consumers will have ceased being panicked.

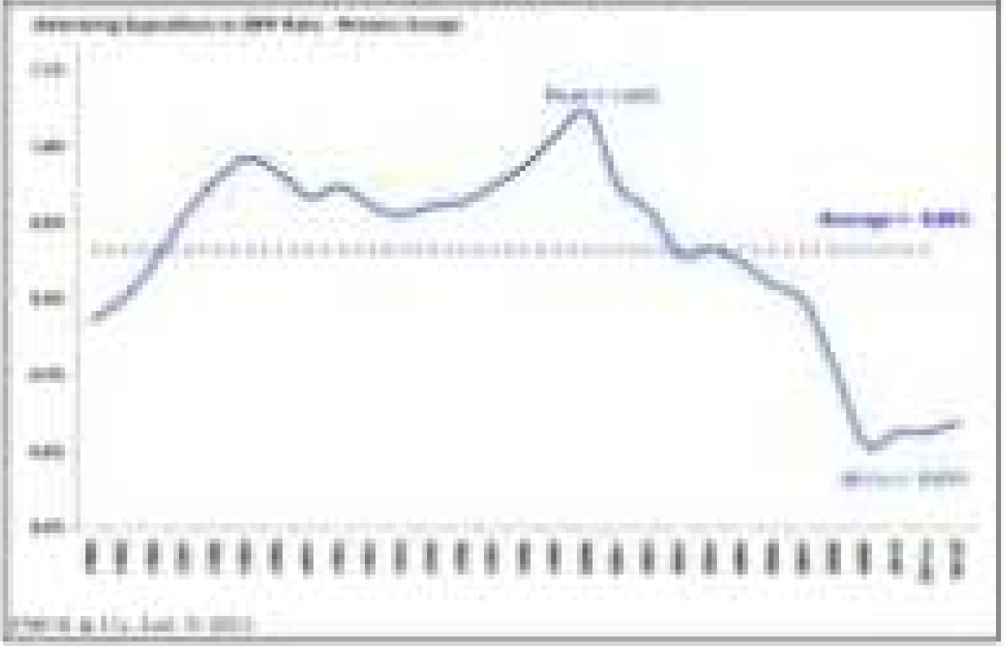
Eventually, with the absence of acute worries weighing down on bank credit and consumer spending, we are forecasting that the market cycle will begin to improve as the year progresses in 2014. However, although this is expected to mean a return to some paper demand growth in the second half of 2014, it will not be enough to counterbalance the negative earlier part of the year, meaning demand over 2014 as a whole will still be down. 2015, in contrast, is forecast to be a year of growth again, as the cycle continues on its upward trend.

Overall, the demand cycle (2010-2015), we are forecasting is for long-term to negative demand. This is largely because most of the end-use driver influences on Woodfree Paper demand during the forecast period are expected to be negative, outweighing the few positive influences. As shown in these forecasts, the negative effects will be most severely felt during the time of a (global) economic downturn – i.e. 2013.

1.2.1. Long-Term End-Use Drivers – Advertising Expenditure

CHART 15: GDP AS A PROPORTION OF ADSPEND

W European Advertising Intensity



The above chart shows the ratio of Advertising Expenditure (Adspend) to Economic Activity (GDP). Following significant increases in the 1980's and 1990's, the proportion of Advertising spend in the general economy has been falling since the beginning of the Millennium. It appears that this long-term downcycle may have reached a turning point in 2009, and that (from a lower base) advertising activity can recover some of its lost position within the economy.

In modern society the need for Advertising and Marketing activity to help oil the wheels of economic activity is evident, especially in a world where communications are on an exponentially increasing trend. The need to cut through the "noise" is more vital than ever. Although paper is no longer the main medium of choice, (the internet is instead), the role of paper continues to be important for high quality communications and marketing. We believe the main potential upsides for Woodfree Paper demand are to be found in the Office Papers, Mail and Magazine segments.

We briefly outline some key long-term end-use demand influences on the following pages. However, the overall conclusion is that the positives, neutrals and negatives balance out below the zero line in most sectors, and as such, the overall long term demand trend for woodfree paper demand will be for decline.

1.2.2. Long-Term End-Use Drivers - Social Networking Media

This section of the report takes a look at a new, recent development - Social Networking Media (SNM) - that is changing the way the Internet is being used and has the potential to be an integral part of the New Media for the commercial advertising/marketing world.

Online Social Networks are widely known nowadays but their future remains unclear. The main website for Social Networking is Facebook, and there are numerous others, such as Twitter, Google+, LinkedIn, Bebo, Hyves, StudiVZ, Tuenti etc. In the words of the EU, "The emergence and popularity of online social networks in recent years has changed the Internet ecosystem leading to a more collaborative environment. Nowadays, hundreds of millions of Internet users participate in social networks, form communities, produce and consume media content in revolutionary ways."

Although its roots were in personal communications, the widespread success of Social Networking has increasingly attracted commercial interests and has started to give rise to a whole new medium for advertising, marketing and promotion. We use the term Social Network Media (SNM) to describe the media that are involved in these types of marketing activities.

According to Comscore, a company that monitors and measures Internet activity and audiences, the reach of Social Networks has grown dramatically in recent months and is now around 90% of Internet users in most European countries, with an estimated average for Europe as high as 92.4% in September 2011.

The dominant SNM website is Facebook, with over 800 million active users worldwide, including an estimated 250 million unique visitors in Europe alone (September 2011 data). Comscore estimate that the reach of Facebook is 75% to 80% among all Internet users in most European countries, while the average among all of the top 5 EU countries is about 75%. However, these figures may be overstated, as a single person may have registered more than one unique visitor name. Even so, the percentage reach is undeniably high.

Average time spent per user on Social Networking sites in Europe is estimated to have grown to 350 minutes per month (September 2011), i.e. almost 12 minutes per day, with many active users spending as much as one to three hours per day on these Social Networking websites. Users are not confined to teenagers and children, but are evenly distributed across all ages of the population.

Online Social Networking is a relatively new concept, which is developing and growing rapidly, alongside and integrating with other Internet systems, such as email, search engines, web browsing, video and photo sites etc.

With widespread and immediate access to the Internet for almost all users, through Broadband, WiFi and Mobile Internet, the spread of Social Networking will continue to grow and establish itself as a mainstay of modern communication (like post, telephone and email).

Because of the high level of activity and widespread penetration of online Social Networking, the appeal of SNM is irresistible to Advertisers, Marketeers and Website operators (especially Facebook). Almost all products and services have or will soon have a Social Network page. The vast majority will be on Facebook.

This represents something of a revolution in the world of Advertising and Marketing.

According to *Zenith Optimedia*, the global growth of display advertising on the internet is expected to be one of the fastest, forecasted to grow between 16% to 20% pa.

US$ million (2010 exchange rates)

	2010	2011	2012	2013	2014
Display	$21,845	$25,362	$29,965	$35,557	$40,648
Growth pa		16%	18%	19%	20%

However, most of these adverts are simple paid-for display ads on websites (eg Google and Facebook side banners).

In the Social Network Media world, the advertising and marketing activities and funding are much broader and more varied than simple paid-for advertisements.

In addition to so-called "Socially-Published" Adverts (eg side banners on Facebook etc), there are "Socially-Enabled" Adverts, which have a "click here" or "like" button to drive users onto the Advertiser's Social Networking pages. These "like" buttons represent personal endorsements for the advertiser's products, which are then associated with the individual user, and the user's network of "friends". Already, the brand Coca-Cola has around 30 million Fans of its Facebook page, growing at 1.7 million every week.

Moreover, as soon as a User has agreed to become a Fan on a Social Networking site page, the marketeer/site-owner can provide a wide range of offerings to encourage and engage customers, including discount coupons, product information, news, product support, elicit feedback etc. Sometimes users will choose to "Subscribe" to an advertiser's page too, in order to ensure regular updates of these offerings (e.g. Twitter).

The growth of Facebook.com as an Advertising Media provider is currently being developed, ahead of the company's announced plans to launch itself on the Stock Markets, probably with an IPO in April 2012. According to eMarketer, Facebook's global advertising revenue is expected to double to US$3.8 billion this year alone. If the historical growth of Google.com is anything to go by, Facebook could reach an advertising income of over $20 billion pa by 2014.

Questions surrounding the growth of Advertising and Marketing on Social Networking websites are numerous and there have already been several cases of abuse and invasions of privacy. However, in time, we expect these issues will be resolved and the Social Networking Media companies will eventually establish themselves solidly in the Media world, alongside other forms of advertising on the Internet, Television and Print.

Although Facebook may double its revenue this year, the impact is negligible or non-existent for print advertising so far. For example, in Germany where Social Networking is as popular as anywhere, Magazine advertising has continued to grow by around 2% in 2011, despite a weak economy. But the SNM development will be important to monitor in future. We expect that Social Networking Media will become an increasingly important subject for Paper based media and paper companies, either as a threat to the printed activities of their end-user base or as an opportunity for stimulating new print direct marketing avenues.

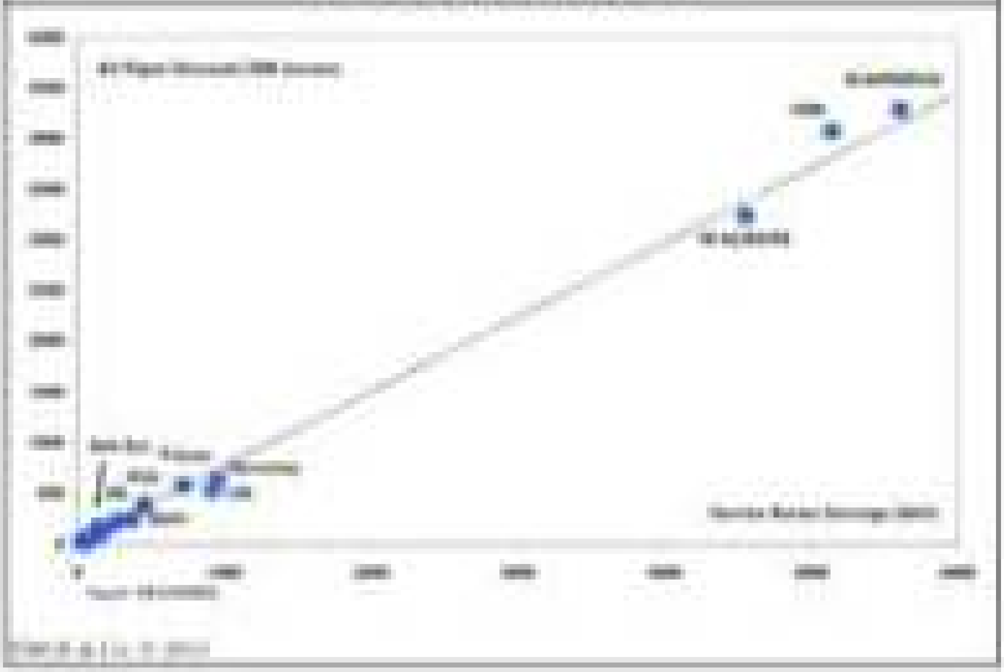
At this early stage, it is difficult to distinguish between hype and reality. It has yet to be established how effective and valuable the response to all this SNM activity really is to the advertiser/marketer, how much companies are likely to spend on it and how this might affect other parts of their media spending mix. Until these issues can be established, which we hope will soon become more clear as the SNM development unfolds, it is impossible to distinguish whether the rise of SNM is just another factor in the established trend of Internet and Online Advertising, which is already factored into the EMGE paper demand forecasts, or whether it will add further downward pressure to the existing negative demand trends.

However, we feel it is important to give our clients advance warning of these developments. If you have an interest in this subject, please contact EMGE for further information.

1.2.3. Long-Term End-Use Drivers – Office Papers

CHART X: A4 PAPER DEMAND VS. SERVICE SECTOR EARNINGS

Europe & North America (2010)



In the **Office Papers** sector, during the recession, corporate downsizing and administration cutbacks will result in a reduction in the service/office sector in general. Looking further ahead, demand should benefit when unemployment falls back from the current high levels, which should be especially visible later in the forecast period.

Office Papers are also expected to gain some market share from Uncoated Woodfree Folio sheets, due to the popularity of A4/A3 digital printers, although again economic confidence will help with investment in such printers, so we expect this in the later part of the forecast period.

In both the short and longer term, the "Lean & Green" effect that we have highlighted several times is expected to be downside for **Office Papers** demand. This is where companies and administrations cut back their (mainly **Uncoated Woodfree Cut-Size**) paper consumption for claimed environmental reasons, while also making financial savings (which is where our term "Lean & Green" comes from).

However, following the end of Kyoto Agreements after 2012, new EU Climate Change policies will be broadening out from a simple focus on Carbon Dioxide emission reductions to a "Resource Efficiency and Low Carbon Economy". What this implies is a series of as yet undefined policies that will somehow involve subsidies for renewable resource sectors, financed by further taxes on fossil fuel/carbon usage. This is likely to be more beneficial to the Pulp and Paper sector than others, especially as the Paper sector is already on the way to fulfilling its potential to become less fossil fuel dependent and more energy self-sufficient and biomass dependent.

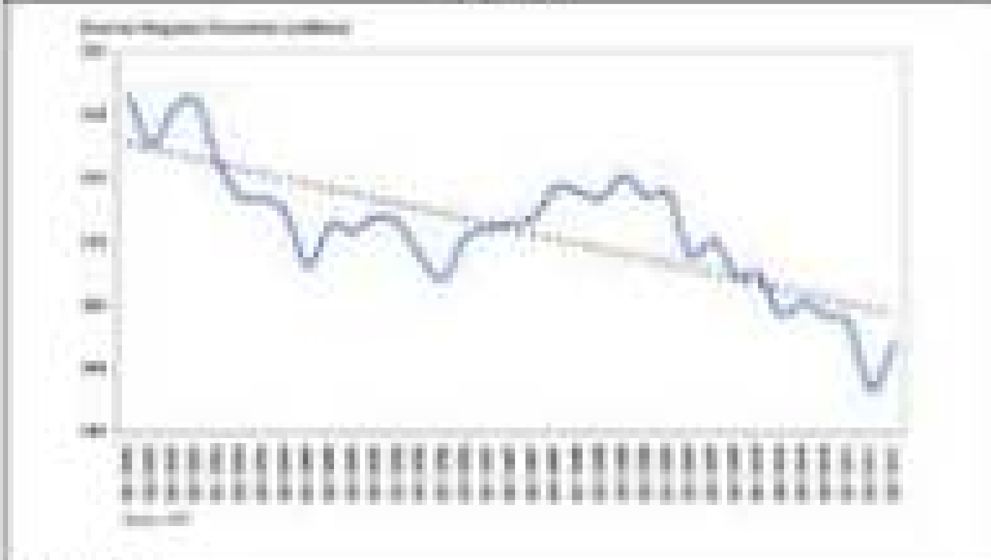
For the Office Paper sector, this will benefit the production side, because of the inherent efficiencies and low-fossil fuel trends for paper-making integrated with pulp. But it will also benefit (or at least have a reducing negative impact on) the demand side, as companies realise that reductions in Office Paper usage have less (or insignificant) impact on their fossil-fuel/carbon usage reduction targets.

Electronic Billing and Paperless Statements are another long-term downside for **Uncoated Woodfree** paper demand. Electronic billing is growing by high double-digit percentages, and this is a development we believe will has a long way to run, with strong downside potential for printed bills/invoices. Printed statements, meanwhile, e.g. from banks and utilities, have been under threat for some time, as users switch to "paperless" statements. However, we believe much of the switching has already taken place, so this may not be a dramatic negative in the longer term, with e-billing probably representing the greater threat.

1.2.4. Long-Term End-Use Drivers – Advertising/Marketing Print

CHART [illegible]: MAGAZINE CIRCULATION DECLINE

Germany



In the **Magazine** sector, meanwhile, the sector would benefit from any growth in total advertising expenditure. However, magazine advertising is falling behind growth in the advertising market as a whole. This is partly due to falling circulation of magazines, which are losing readers who are spending more time using other media. Although there is potential for growth in total advertising, any growth will be slower in magazines, due to declining circulation. Also, any advertising growth would depend on economic confidence, which is expected to be in short supply for most of the forecast period. As such, the outlook for **Coated Woodfrees** used in magazines is negative for most of the forecast period.

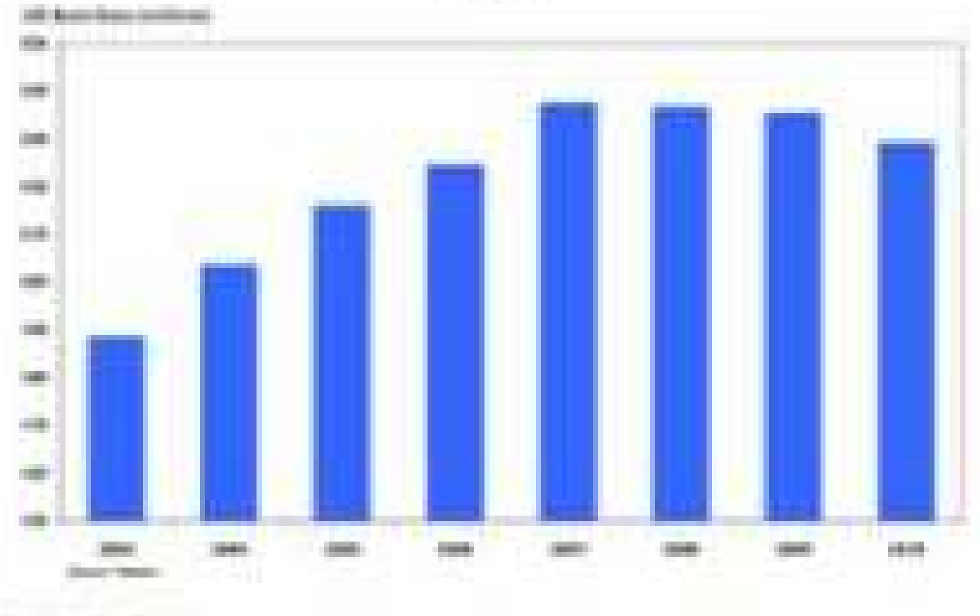
Reports from the main **Mail** carriers in several mature markets suggest that the downturn in the volume of posted letters and advertising material is on a long-term downward trend, as consumers progressively use more electronic means of communication. Although Direct Mail has a powerful impact for its users, marketers are attracted by new alternative electronic routes, now including Social Networking Media etc. This is a long-term demand downside for Uncoated Woodfrees [for the envelopes], and a combination of **Uncoated and Coated Woodfrees** [for the contents].

Catalogues/Brochures/Leaflets and Corporate Printed Communications, meanwhile, are expected to continue in the trends of becoming thinner, publishing less often or, in some cases. Businesses are becoming more focused on on-line listings and e-mails as their primary media route, while printed marketing material plays at best a good support role, or at worst no role at all.

1.2.5. Long-Term End-Use Drivers – Books

CHART XX: UK BOOK SALES

2003-10



EMGE & Co. © 2011

Finally, the outlook in the Books business is mixed. Overall sales of printed books are in many cases declining due to competition from e-books on tablets and e-readers like the Apple iPad and the Amazon Kindle. But much of the decline is in the paperback book business, which is more focused on Uncoated Mechanical Papers.

In the book segments that use Woodfree Papers, especially Coated Woodfree Sheets and Uncoated Woodfree Folio in the high-end book segment, e.g. art books, hardback coffee table books, etc., we believe e-readers/tablets are less of a threat, because they do not compete well in terms of displaying photographs and other pictures that can be a heavy focus of high-end books.

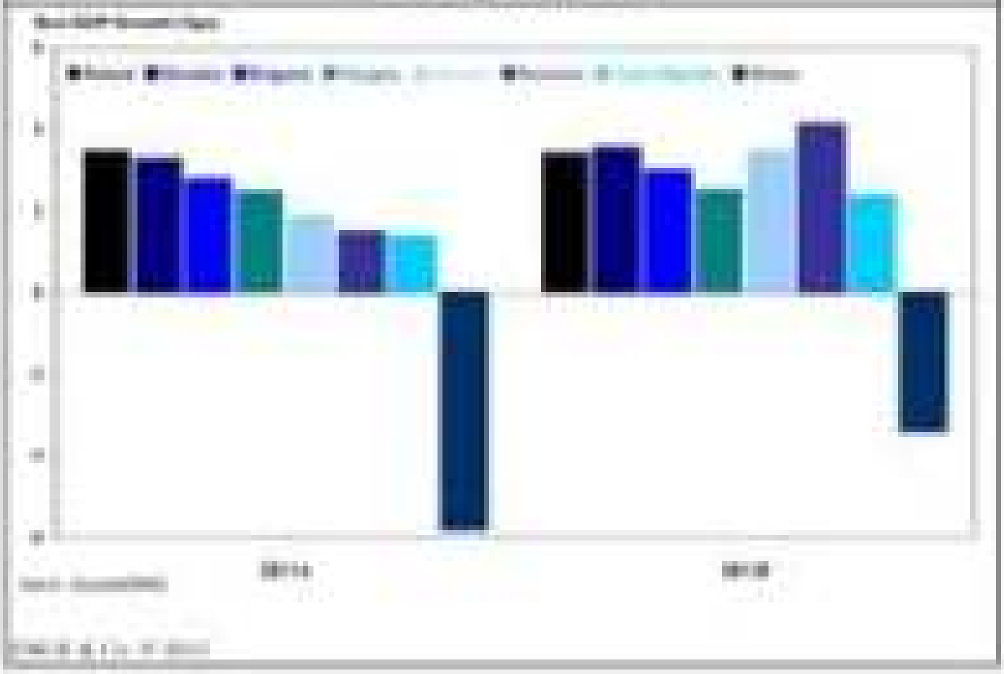
As such, we expect the outlook for high-end books may actually be no worse than neutral in the long term, although these sectors depend on growing wealth/disposable income, which is not at all good in the short term.

1.5. Demand: Eastern Europe Overview

Outlook weaker, but still a growth region in long term

CHART XXI: GDP GROWTH – 2011

2011 & 2012 Forecasts



Like Western Europe, most economic forecasters have downgraded their growth expectations for Eastern Europe next year, mainly due to troubles in the region's main export market, Western Europe. Unlike Western Europe, general economic growth in Eastern Europe is still expected to be at a fairly respectable level (e.g. the Consensus Economic Forecast for Eastern Europe is for +4.4% growth this year, followed by around +3% next year, down from earlier forecasts of around +4% in 2012).

This resilience is due to a combination of fairly robust domestic consumption, together with continued strong income from commodities (Brent Crude Oil prices have been above US$100/barrel for most of this year).

This is particularly true of Russia (which is not part of our EEurope14 "region", but which is included as a separate brief section in this report), but also for those parts of the Eastern European economies that trade with Russia.

Many of the countries in our E.Europe-14 group looking quite healthy, with Poland leading the way amongst the larger markets, with GDP growth expected to be around +4% this year. However, the second and third-largest markets are faring less well. The Czech Republic (2nd largest) is expected to grow by between +1% and +2% this year, but growth has slowed considerably and the country is not far from recession (the same applies to the 7th largest market, Slovenia). The 3rd largest market is by far the worst struggler in the region, as Greece is expected to see its economy decline by -5% or worse this year, for well publicised reasons, including deep government spending cuts. The next three markets by paper consumption are all performing fairly well, with economic growth roughly in the +2% to +4% band in Hungary, Romania and Slovakia. The strongest recoveries are underway in the Baltic states (which is perhaps no surprise considering how badly these economies were hit during the Credit Crunch), but at only 9th, 10th and 11th largest in our E.Europe-14 group, the overall influence of these markets is limited.

Short-term developments aside, our long-term forecast for the E.Europe-14 region is based on a steady recovery from the trough of the Credit Crunch, with the exception of Greece, where sustained economic growth is predicted to be some years away. For the E.Europe-14 region as a whole, we are forecasting that GDP growth to 2015 will average +2.1% pa.

In terms of advertising expenditure, Warc is forecasting growth of better than +20% both this year and next in Russia, and Zenith Optimedia is forecasting that Russian growth in the coming few years will be strong enough to take it into the top 10 advertising markets of the world by 2013 (compared with 13th spot currently), while for Eastern Europe as a whole, Group M and Zenith Optimedia are forecasting growth either side of the +10% mark. Carat earlier made similar forecasts for the region.

This bodes well for short-term demand for Coated and Uncoated Woodfree Reels, in particular.

The outlook for Cut-Size paper, meanwhile, should benefit from moderate growth in the office and service sectors in general in E.Europe, despite high unemployment levels, which are expected to take some time to fall in the E.Europe-14 region. In the largest E.Europe-14 markets, unemployment appears to be fairly stable at 11-12% (ignoring seasonal fluctuations), but it is not yet showing any clear downward trend, except for in the Czech Republic and that decline is extremely gradual.

Woodfree paper demand in E.Europe-14 has actually been very weak in 2011, with the Eurozone crisis in general and Greece in particular weighing down demand. Our updated demand forecasts for 2011 are -4.0% for CWF and -5.5% for UWF.

In the longer term, meanwhile, we are forecasting overall demand growth for both Coated (+4.9%pa average) and Uncoated Woodfrees (+0.6%pa average), which includes the big declines in 2011, based on relatively stronger future advertising expenditure and improving domestic economic consumption.

Russia

Separate from E.Europe-14, in Russia alone, growth is predicted to be stronger than the average for Eastern Europe as a whole, as Russia's economic situation remains fairly healthy, despite a downgrade due to high inflation and the Eurozone crisis since our last forecast. GDP growth is nevertheless still better than +4% in 2011, the country has a budget surplus, and unemployment is on a clear downward path, falling from 8.4% in 2010 towards 6% now, which is a promising indicator for Uncoated Woodfree Cut-Size demand. And WARC is expecting double-digit growth in Russian magazine advertising in 2011 and 2012, which is also a positive indicator for Coated Woodfree paper demand. Adverts usually account for considerably less than half of a magazine's page count, but the expected healthy growth in the sector is nevertheless predicted to contribute to overall long-term growth in (paper) consumption.

Despite all of this, Russia's apparent demand has actually fallen in the CWF sector this year, despite growth in demand for the magazine grades (as we would expect). We believe the overall decline in CWF is due to printers using more UWF Folio sheets instead of CWF Folio, to reduce costs. We also believe Cut-Size demand has been unimpressive, due to inventory reductions this year, following very strong growth in 2010. Taking into account the weak apparent demand in 2011 and the economic downgrade since our last report, we have updated our long-term demand growth forecasts for Russia to +4.2% for Coated Woodfree and +3.4% for Uncoated Woodfree.

1.4. Demand: Current

Debt crises not fully solved yet – economies remain vulnerable

In recent weeks, markets have seemed less worried than previously about the prospect of Eurozone economies such as Greece and Italy defaulting on their debts. Fortunately, as expected, the phase of acute panic appears to have passed without more serious damage. Most of the European Union has agreed to set up a financial stability pact, which is expected to include new financial regulations and bailout funds. It is hoped and expected that these measures will both ease existing worries and also prevent any future crises. In addition, some of the world's major central banks (e.g. the US Federal Reserve, the European Central Bank, as well as the central banks of Japan, Switzerland and Canada) also made it cheaper and easier for each other to borrow from each other. Furthermore, the European Central Bank has guaranteed low-cost loans to banks until 2012. The markets have reacted positively to these developments, and much of the previous panic seems to have disappeared.

This is all in line with our previous expectations and base forecasts, that the Eurozone problems would be resolved without spreading into a broader financial/credit crisis.

Despite this positive reaction, the problems actually remain unsolved so far, and how the markets will react to any concrete agreements remains to be seen. If they feel that the arrangements made by the new pact, if and when it becomes a reality, are not strong enough, the price of sovereign credit could easily skyrocket again. Another risk is timing. The politicians and central bankers have so far acted far too slowly to satisfy credit markets, so it is not impossible that credit markets could get jittery again, if agreements for concrete measures are delayed further.

Moreover, the European economy is in a recession/slowdown, and it is not clear that economic growth will be strong enough to allow cost-cutting governments to reduce their debt levels, as slow growth means reduced income, as well as reduced spending.

So although Europe's governments appear to be taking action, a sovereign default remains a possibility, and if one or more European countries did default, then it is highly possible that banks would stop lending again, causing a new Credit Crunch.

Furthermore, none of this takes account of the serious debt problems in the USA (or Japan), which still have to be addressed.

Many of the mature economies remain in an extremely vulnerable position.

The problems of the 2008-2009 crisis have only been passed down the line, from banks to the governments that rescued them. If a crisis appears this time, the difference this time is that countries are at risk, not just companies/banks. Moreover, these countries are the leading economies in the World – namely Europe, USA and Japan.

If these countries, for whatever reason, are unable to resolve their deep funding/financial issues, a new Credit Crunch would ensue. Especially if it arises from something unexpected, a new Credit Crunch on this basis could create a whole new level of crisis.

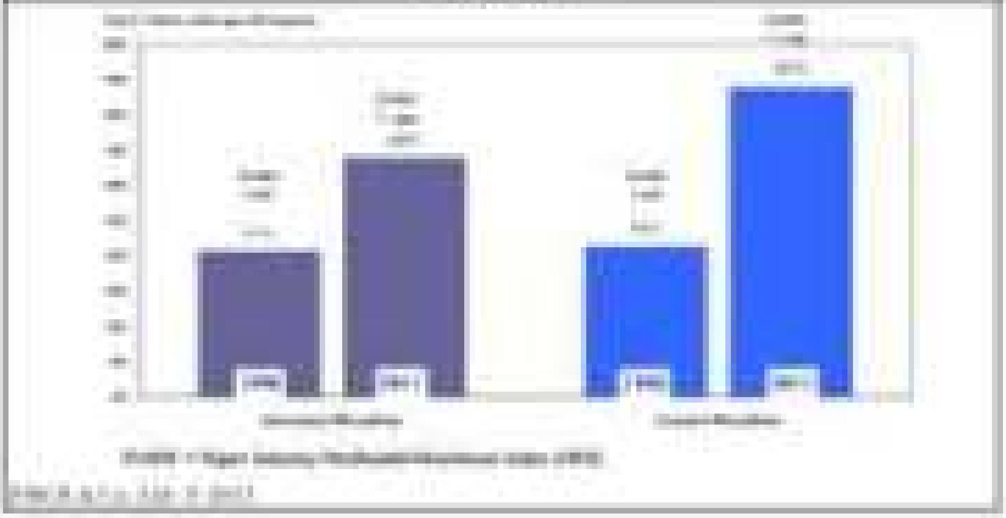
If that happened, we would expect an economic downturn affecting the whole World, on a scale previously unforeseen.

2. Consolidation and Capacity

2.1. [illegible]

CHART [illegible]: INDUSTRY CONSOLIDATION – FINE PAPERS

[illegible]



Consolidation in the Woodfree industry in Europe has produced a top-3 share in 2011 of [illegible]% in CWF, while the UWF share is only [illegible]%. The UWF sector has a fairly low PI-HHI level at [illegible], but the CWF side of the business remains quite concentrated with a PI-HHI of [illegible].

Historically an industry with an HHI of less than 1800 has been considered not highly concentrated, which obviously leaves scope for significant consolidation within the UWF sector.

The situation is rather different in the CWF sector, however, as any sizable new merger would push industry concentration past the level that would attract the attention of competition authorities. However, the combination of UPM and Myllykoski helped to break new ground in Europe, as it originally pushed the PI-HHI level way past the traditionally acceptable 1800 to more than [illegible] in the Uncoated Mechanical sector and almost [illegible] in Coated Mechanicals. Even though capacity closures have now brought these back down to [illegible] and [illegible].

We have calculated that any merger or acquisition involving any of the 5 Leading Suppliers of CWF (Sappi, Lecta, UPM, Stora Enso or Burgo) would push the HHI above [illegible], which may now be a possibility, based on the example of Uncoated Mechanicals. However, a tie-up between the largest producer, Sappi, and another of the Top 5 would push the HHI above [illegible], which we would expect to draw very close scrutiny from competition authorities.

2.2. Consolidation – Leading Companies

The following tables highlight the volumes and rankings of Leading Suppliers in each sector in 2011 (a table for Cut-Size Leading Suppliers is shown on page [illegible]).

TABLE [illegible]: FINE PAPERS – LEADING WOODFREE PAPER COMPANIES					
'000 tonnes (2011 capacities, Europe Bulk Grades only)					
Rank	Company	Share	Europe-[illegible]	[illegible]	TOTAL
TOTAL FINE PAPERS					
1	SAPPI	[illegible]	[illegible]		[illegible]
2	STORA ENSO	[illegible]	[illegible]		[illegible]
3	UPM	[illegible]	[illegible]		[illegible]
4	PORTUCEL SOPORCEL	[illegible]	[illegible]		[illegible]
5	MONDI	[illegible]	[illegible]	[illegible]	[illegible]
	Top 5 Companies	[illegible]	[illegible]		[illegible]
	INDUSTRY TOTAL PLANS	100% [illegible]			[illegible]
COATED FINE PAPERS (bulk)					
1	SAPPI	[illegible]			[illegible]
[illegible]	[illegible]	[illegible]			[illegible]
3	UPM	[illegible]			[illegible]
[illegible]	STORA ENSO	[illegible]			[illegible]
5	BURGO	[illegible]			[illegible]
	Top 5 Companies	[illegible]			[illegible]
	INDUSTRY TOTAL PLANS	100% [illegible]			[illegible]
UNCOATED FINE (bulk grades)					
1	PORTUCEL SOPORCEL	[illegible]	[illegible]		[illegible]
2	MONDI	[illegible]	[illegible]	[illegible]	[illegible]
3	STORA ENSO	[illegible]	[illegible]		[illegible]
4	UPM	[illegible]	[illegible]		[illegible]
5	IP	[illegible]	[illegible]	[illegible]	[illegible]
	Top 5 Companies	[illegible]			[illegible]
	INDUSTRY TOTAL PLANS	100% [illegible]	[illegible]		[illegible]

[illegible]

2.3, Cut-Size Leading Companies

TABLE 10: CUT-SIZE - LEADING COMPANIES					
Capacity 2012 ('000 tonnes)					
		% Share of	SHEETING CAPACITY*		
Rank	Company	Total Cap	Europe-20	Russia	TOTAL
1	MONDI	[illegible]	[illegible]	[illegible]	[illegible]
2	PORTUCEL SOPORCEL	[illegible]	[illegible]		[illegible]
3	STORA ENSO	[illegible]	[illegible]		[illegible]
4	IP	[illegible]	[illegible]	[illegible]	[illegible]
5	UPM	[illegible]	[illegible]		[illegible]
	Top 5 Companies	[illegible]	[illegible]		[illegible]
6	[illegible]	[illegible]	[illegible]		[illegible]
7	[illegible]	[illegible]	[illegible]		[illegible]
	Others [illegible]	[illegible]	[illegible]		[illegible]
	Total Capacity	100%	[illegible]		[illegible]
	Index		[illegible]		[illegible]
	Practical Paper Capacity* (87%)		[illegible]		[illegible]

* Practical Paper Capacity averages 87% of Current Sheeting Capacity

[illegible]

Notes on the Herfindahl-Hirschman Index (HHI)

The HHI assesses the degree of market concentration that relates to how many participants are offering essentially the same or a similar product in a defined market. The index is now considered to be the most well established and empirical measure of industry concentration. Essentially, the HHI is the sum of the squares of the market shares of all players.

Historically, a HHI of over 1800 would have meant that an industry was Highly Concentrated, whereas below 1800 the industry would be described as Moderately Concentrated, or below 1000, Un-Concentrated.

In the past, a HHI of more than 1800 would have made further mergers/acquisitions difficult, although recent deals suggest the competition authorities may be prepared to consider deals that push the HHI above 2000 (as it currently is in the Uncoated Mechanical sector).

2.4. Capacity Projections, CWF - tonnage details

TABLE 11: CAPACITY FORECAST CHANGES BY MILL - CWF								
COATED WOODFREE* excludes 1 side, Real Art (Kunstdruck) and Pigmentized								
Mills	2010 Cap.	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap.
SAPPI Europe	890							890
AUSTRIA	**890**							**890**
Cumulative	890	890	890	890	890	890		890
Ardennes/Burgo	380							380
BELGIUM	**380**							**380**
Cumulative	380	380	380	380	380	380		380
Dalum (Arjo)	90							90
DENMARK	**90**							**90**
Cumulative	90	90	90	90	90	90		90
Stora Enso	1025							1025
M-Real/SAPPI	200		-200				-200	
UPM	430							430
FINLAND	**1655**		**-200**				**-200**	**1455**
Cumulative	1655	1655	1455	1455	1455	1455		1455
Condat (Lecta)	540							540
Arjo Wiggins	380							380
FRANCE	**920**							**920**
Cumulative	920	920	920	920	920	920		920
Nordland (UPM)	850							850
SAPPI Europe	415		220				220	635
M-Real	220		-220				-220	
Stora Enso	220		-140				-140	80
Scheufelen (PowerFlute)	300							300
GERMANY	**2005**		**-140**				**-140**	**1865**
Cumulative	2005	2005	1865	1865	1865	1865		1865

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CAPACITY FORECAST CHANGES BY MILL - CWF (CONT'D)

[illegible]

Mills	2010 Cap	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap
Burgo-Marchi	760							760
Cartiere Garda	330							330
Others/Crosscountry	15							15
ITALY	**1105**							**1105**
Cumulative	1105	1105	1105	1105	1105	1105		1105
SAPPI Europe	510							510
NETH.	**510**							**510**
Cumulative	510	510	510	510	510	510		510
Torras group (Lecta)	450							450
SPAIN	**450**							**450**
Cumulative	450	450	450	450	450	450		450
Arctic Paper			260				260	260
Ville paper	20							20
Mikael Hustein			55					
Grycksbo	260		-260				-260	
SWEDEN	**285**		**55**				**55**	**340**
Cumulative	285	285	340	340	340	340		340
SAPPI	430	-210	-220				-430	
SWITZERLAND	**430**	**-210**	**-220**				**-430**	
Cumulative	430	220						
Tullis	25							25
U.K.	**25**							**25**
Cumulative	25	25	25	25	25	25		25
Unspecified Closures					-200	-100	-300	-300
TOTAL	**8745**	**-210**	**-505**		**-200**	**-100**	**-1015**	**7730**
Cumulative	8745	8535	8030	8030	7830	7730		7730

[illegible]

2.5. Capacity Projections, UWF - tonnage details

TABLE 12. CAPACITY FORECAST CHANGES BY MILL - UWF								
UNCOATED WOODFREE (Bulk Grades Only)								
Mills	2010 Cap	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap
Mondi	380							380
Others	25							25
AUSTRIA	**405**							**405**
Cumulative	405	405	405	405	405	405		405
Dalum (Arjo)	58							58
DENMARK	**58**							**58**
Cumulative	58	58	58	58	58	58		58
StoraEnso	520	-50					-50	470
UPM	400							400
FINLAND	**1320**	**-50**					**-50**	**1270**
Cumulative	1320	1270	1270	1270	1270	1270		1270
M-Real	215		-215				-215	
IP	280							280
Clairefontaine	205	10					10	215
Docelles (UPM)	155							155
[illegible]	40	-10	-30				-40	
[illegible]	50							50
[illegible]	30							30
Arjo Wiggins	15		-15				-15	
FRANCE	**990**		**-260**				**-260**	**730**
Cumulative	990	990	730	730	730	730		730
Nordland (UPM)	470							470
SAPPI	315							315
M-Real	120		-120				-120	
Others	100							100
GERMANY	**1005**		**-120**				**-120**	**885**
Cumulative	1005	1005	885	885	885	885		885

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CAPACITY FORECAST CHANGES BY MILL - UWF (CONT'D)								
...continued								
Mills	2010 Cap	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap
Fedrigoni / Milan	140							140
Burgo Marchi	130							130
Others	75	-35	-35				-70	5
ITALY	**345**	**-35**	**-35**				**-70**	**275**
Cumulative	345	310	275	275	275	275		275
Crown	75							75
NETH	**75**							**75**
Cumulative	75	75	75	75	75	75		75
Portucel S (Setubal)	700	+100					+100	800
Portucel Soporcel	800							800
Renova	20							20
PORTUGAL	**1520**	**100**					**100**	**1620**
Cumulative	1520	1620	1620	1620	1620	1620		1620
Zicuñaga	240							240
Papelera (Almeria)	70	-70					-70	
Vilaseca	50							50
Miquel	35							35
Clarens	25							25
Ona/Others	80							80
SPAIN	**500**	**-70**					**-70**	**430**
Cumulative	500	430	430	430	430	430		430
M-Real	435							435
Stora Enso	500							500
Arctic Paper	90							90
Others/Vida	125							125
SWEDEN	**1150**							**1150**
Cumulative	1150	1150	1150	1150	1150	1150		1150

CAPACITY FORECAST CHANGES, BY MILL – UWF (CONT'D)								
...continued								
Mills	2010 Cap.	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap.
SAPPI Europe	65	-25	-40				-65	
Ziegler	35							35
SWITZERLAND	**100**	**-25**	**-40**				**-65**	**35**
Cumulative	100	75	35	35	35	35		35
IP Tait								
Arjo Wiggins	35							35
Tullis	60							60
U.K.	**95**							**95**
Cumulative	95	95	95	95	95	95		95
IP Kwidzyn	450							450
Mondi Ruzomberok	555							555
Arctic Kostrzyn	270							270
EE-14 Drift (+1.5%)				5	5	5		15
E.EUROPE-14	**1245**			**5**	**5**	**5**	**15**	**1260**
Cumulative	1245	1245	1245	1250	1255	1260		1260
Unspecified Closures				-100	-250	-200	-550	-550
TOTAL	**8940**	**-80**	**-565**	**-95**	**-245**	**-195**	**-1180**	**7760**
Cumulative	8940	8860	8295	8200	7955	7760		7760

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2.6. Capacity Projections, CWF – Other Europe

TABLE [illegible]: CAPACITY FORECAST CHANGES, OTHER EUROPE – CWF								
OTHER EUROPE – COATED WOODFREE PAPERS								
Mill	2010 Cap	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap
Goričane	45							45
Radeče	10							10
Vevče (Brigl & Bergm.)	45							45
SLOVENIA	**100**							**100**
Cumulative	100	100	100	100	100	100		100
EMGE & Co. Ltd. © 2011								

2.7. Capacity Projections, UWF – Others

TABLE 14: CAPACITY FORECAST CHANGES, OTHERS – UWF

OTHER EUROPE - UNCOATED WOODFREE

Mills	2010 Cap.	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	10-15 Change	2015 Cap.
OTHER EE-16 CAPACITY								
CZECH REP	**85**	**5**					**5**	**90**
Cumulative	85	90	90	90	90	90		90
Others	20							20
HUNGARY	**35**							**35**
Cumulative	35	35	35	35	35	35		35
Others	50							50
POLAND	**50**							**50**
Cumulative	50	50	50	50	50	50		50
Others	50							50
ROMANIA	**58**							**58**
Cumulative	33	33	33	33	33	33		33
Viskos	30	-25					-25	5
Others	56							56
SLOVENIA	**80**	**-25**					**-25**	**55**
Cumulative	80	55	55	55	55	55		55
RUSSIA / ISRAEL UWF CAPACITY								
IP Svetogorsk	250							250
Mondi Syktyvkar	475	5	15				20	495
Kotlas	120		90	105	5		200	320
Arkhangelsk	80							80
Kamsky	45							45
Others	150							150
RUSSIA	**1215**	**5**	**105**	**105**	**5**		**220**	**1435**
Cumulative	1215	1220	1325	1430	1435	1435		1435
Mondi Hadera	145							145
ISRAEL	**145**							**145**
Cumulative	145	145	145	145	145	145		145

[illegible] © 2011

2.8. Investment Details - Listing of Plans

TABLE 15: INVESTMENT LISTING					
Company	[illegible]	[illegible]	Comments	[illegible]	[illegible]
[illegible]					
Poland				[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
France				[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Germany				[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Italy				[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
Netherlands				[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
Portugal				[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

[illegible]

INVESTMENT LISTING (CONTINUED)

Company	Mill	Date	Comment	Cst	Mn
Spain					
[illegible]		[illegible]	[illegible]		
[illegible]		[illegible]	[illegible]		[illegible]
[illegible]		[illegible]	[illegible]		
Sweden				**Cst**	**Mn**
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Switzerland				**Cst**	**Mn**
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E. EUROPE					
Czech Rep.				**Cst**	**Mn**
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Kazakhstan				**Cst**	**Mn**
[illegible]		[illegible]	[illegible]		[illegible]
Russia				**Cst**	**Mn**
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
Slovenia				**Cst**	**Mn**
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		

[illegible]

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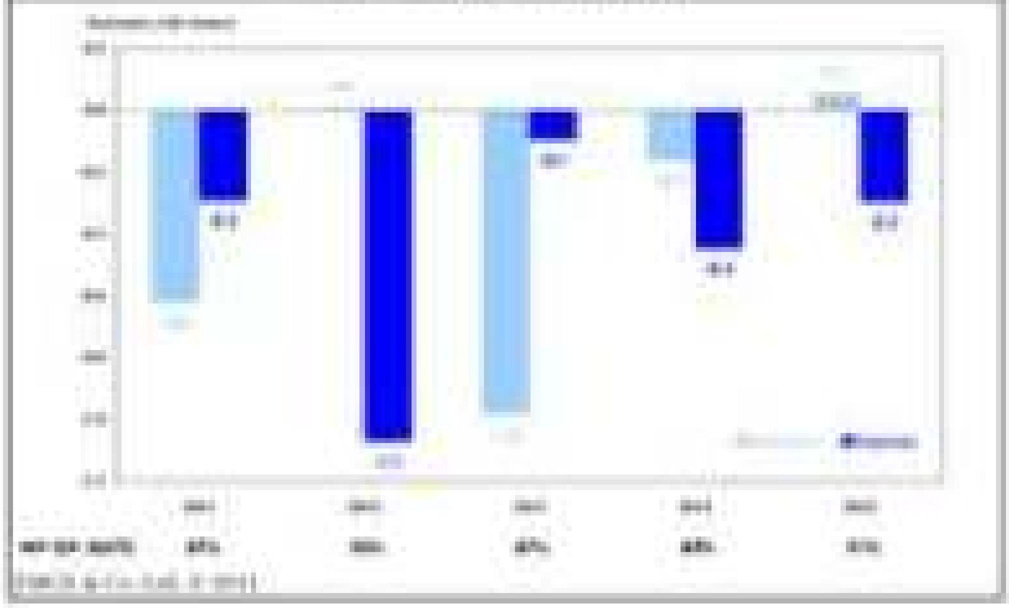
3. Demand-Supply Balance

CHART XV: SHIPMENTS vs. CAPACITY

Woodfree Papers (Europe-18)



This chart compares the annual volume changes between Shipments and Capacity in the European Woodfree sector.

With deliveries expected to fall by over 600,000 tonnes in 2011, while net capacity will only decline by around 300,000 tonnes, Operating Rates are forecast to fall to an average of 87% from an average of 89% in 2010.

However, there is considerable variation between Coated and Uncoated Woodfree sectors, with Uncoated Woodfree (85%) forecast to be more oversupplied this year than Coated Woodfree (88%), on a Europe-18 basis. In line with this, delivery Lead Times have fallen sharply, since peaking in 2010 (see page 47).

We expect the demand-supply balance to improve in 2012, however. While shipments are forecast to be more or less stagnant for the year as a whole, capacity of Coated and Uncoated Woodfree combined is expected to fall by around one million tpy, due to additional closures announced since our last report. The combination of these factors is predicted to boost Operating Rates from 87% to 93%. In 2012, Coated Woodfree are predicted to see quite a strong supply-demand balance, with Operating Rates averaging 94%, while even the Uncoated Woodfree sector is forecast to be balanced, with Operating Rates averaging 91%.

In the longer term, Europe is generally expected to be oversupplied, unless papermakers close more capacity than is currently planned.

However, we do predict that additional capacity cutbacks will take place in 2013 to 2015 (see pages 37& 40), easing (although not ending) the oversupply situation.

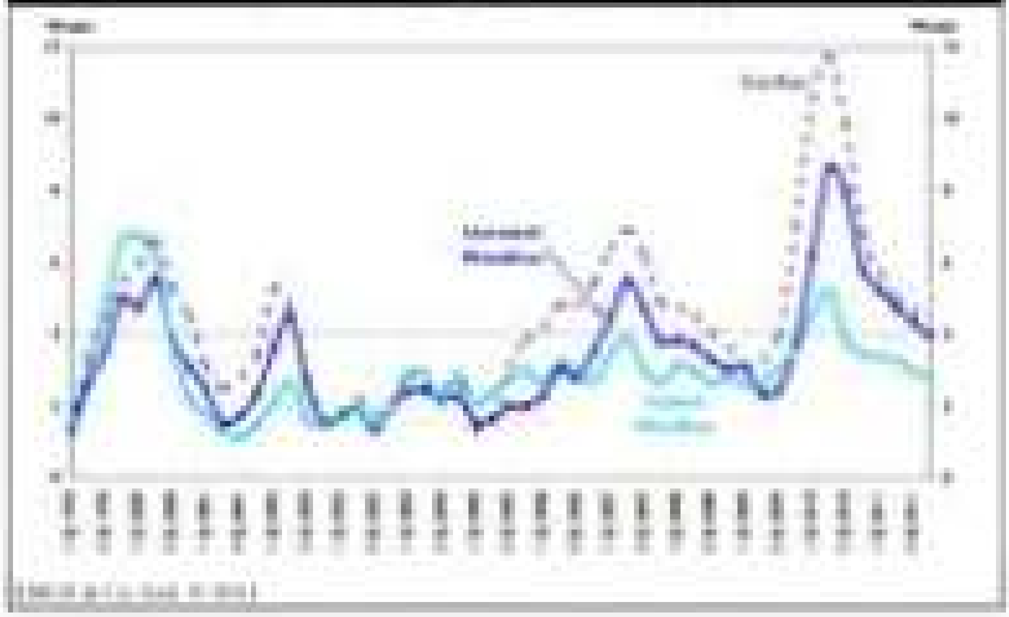
These additional Unspecified capacity closures that we are predicting result in what we call our **Forecast Capacity**, which is the basis for our Supply-Demand balance.

In this report, we are forecasting that Operating Ratios will fall to 88% for CWF in the result 2013, then Unspecified capacity closures will help to boost these back up to 89% in 2014 and 92% in 2015. In UWF, Operating Ratios are predicted to fall to 87% in 2013, with new capacity closures helping these to recover to 88% in 2014 and 90% in 2015.

However, **if, the industry does not make more closures** than it is currently planning then we would expect **Operating Ratios in line with our Base Capacity,** which in 2015 would only be **88% in CWF** and **84% in UWF**.

3.1. Delivery Lead Times

CHART: DELIVERY LEAD TIMES – EUROPE



The above chart shows Delivery Lead Times in the Woodfree sector - Lead Times measure the delay between customers placing orders at the mill and receiving delivery.

Lead Times represent the local balance in Europe between demand and supply. But they can often describe a different picture compared to the headline industry Operating Rate data we publish.

Historically, the 4-week mark is seen as a watershed that puts paper sellers in a commanding position and means prices are likely to rise.

This has again been a good guide for Coated Woodfree prices, which have been falling for some months, while Uncoated Woodfree prices actually started to fall before Lead Times hit 4 weeks, due to falling pulp prices and weak demand.

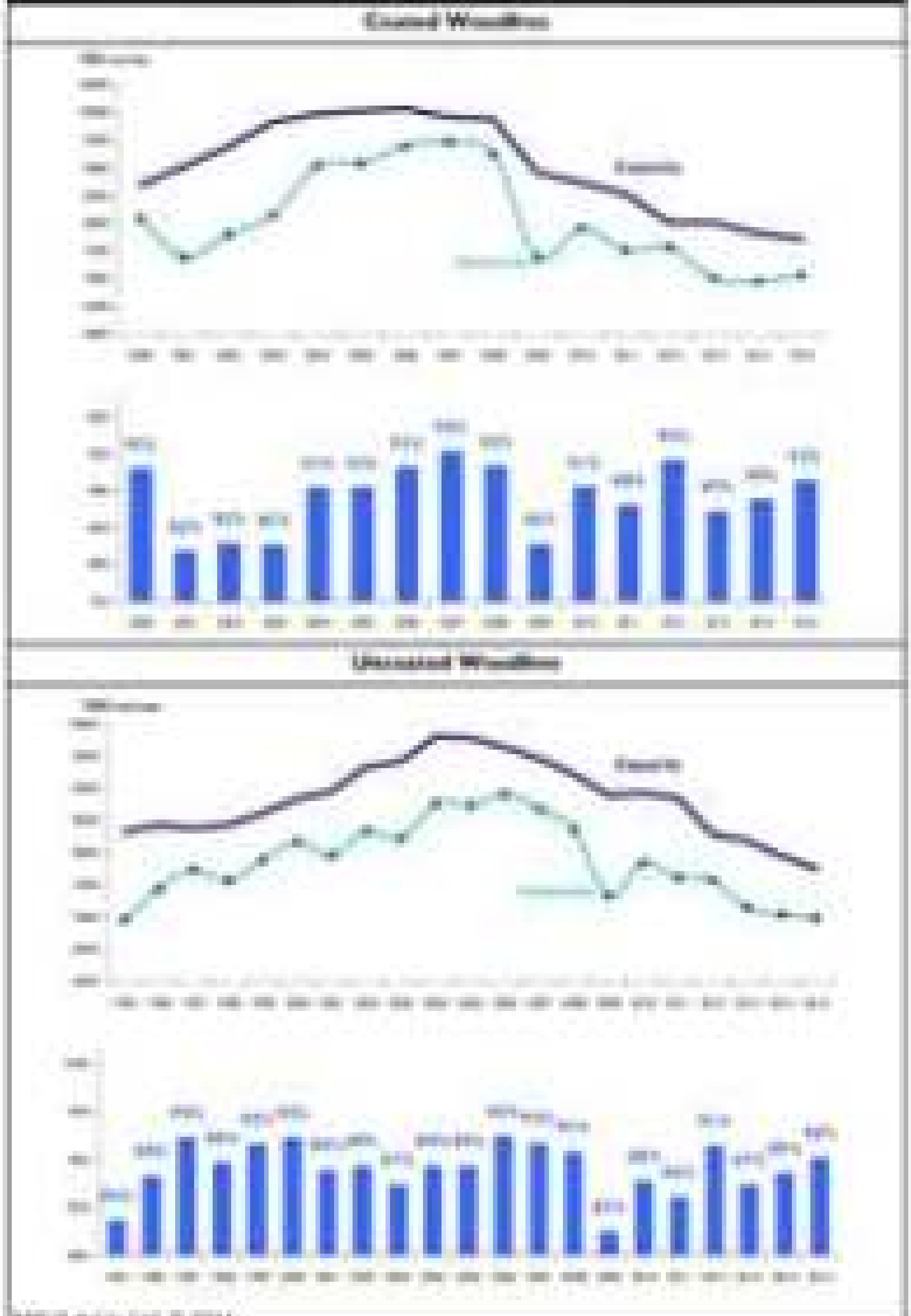
We expect Lead Times to remain short until mid-2012, when stabilised demand & closed capacity are expected to combine into a tighter supply situation. At the junctures, Lead Times could increase even further, for a while in 2012, if costs and prices show signs of strengthening (e.g. pre-price increase ordering).

1.2. Demand-Supply Balance

TABLE 16: DEMAND SUPPLY OUTLOOK						
Europe-28						
'000 tonnes	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
COATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNCOATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W-Europe-16						
COATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNCOATED WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL WOODFREE						
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E-Europe-14 (UWF only)						
'000 tonnes	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Deliveries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capacity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Op. Rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

CHART XVI: DEMAND SUPPLY, WOODFREE PAPERS, EUROPE 20



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With Operating Rates having fallen and the outlook for shipments negative more often than positive, we expect the supply demand balance to reflect moderate oversupply for much of the forecast period to 2015, with the main exception of 2012.

5.5. Cut-size Papers – Demand Supply

CHART XVIII: CUT SIZE SUPPLY-DEMAND, EUROPE 30

Cut-size Uncoated Woodfree Market

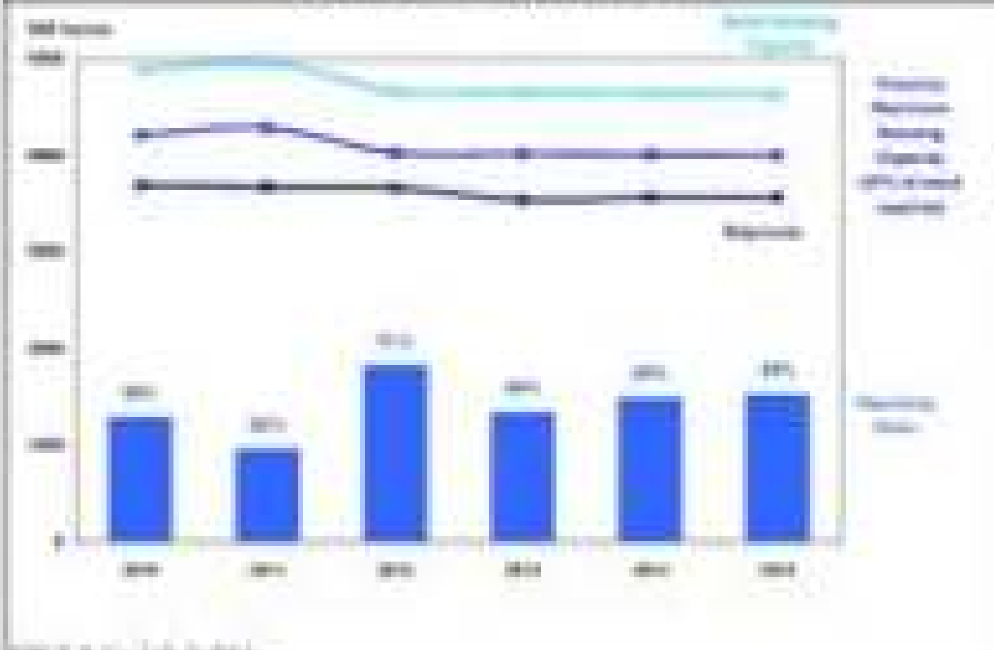


TABLE 17: UWF CUT-SIZE MARKET: EUROPE 30

Europe 30							
000t	Demand	Imports	Exports	Deliveries	Implied Capacity	Actual Capacity	Op. Rate
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

4. Trade

4.1. Trade Forecast

TABLE 18. OFFSHORE IMPORTS/EXPORTS FORECAST, EUROPE 20						
WOODFREE PAPERS, Europe-20						
	EXPORTS		IMPORTS		NET EXPORTS	
1000 tonnes	Coated	Uncoated	Coated	Uncoated	Coated	Uncoated
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

CHART [illegible]. EXPORTS – EUROPE 20

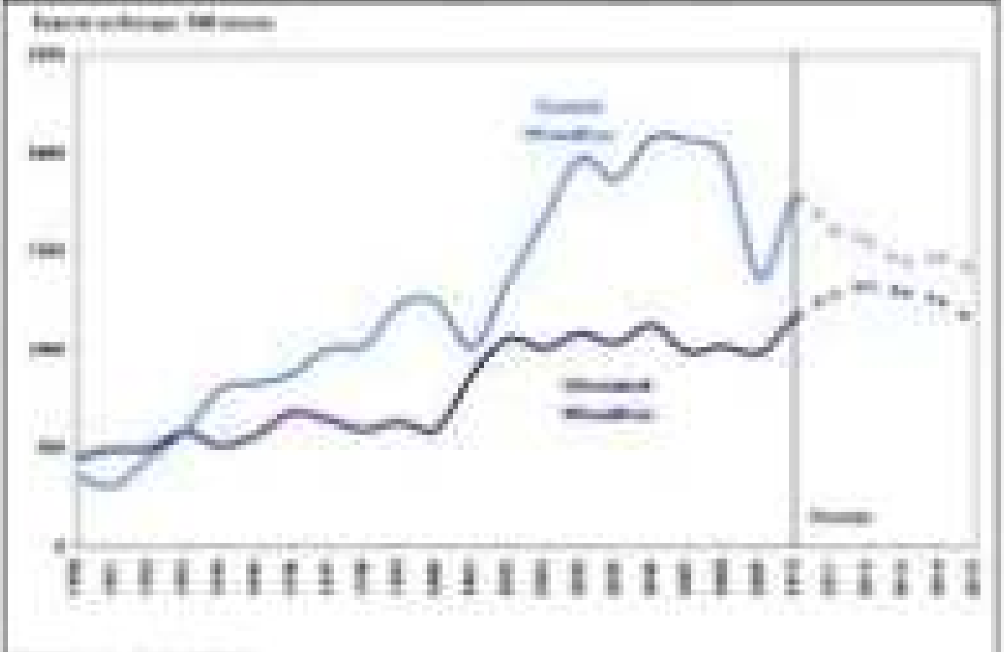
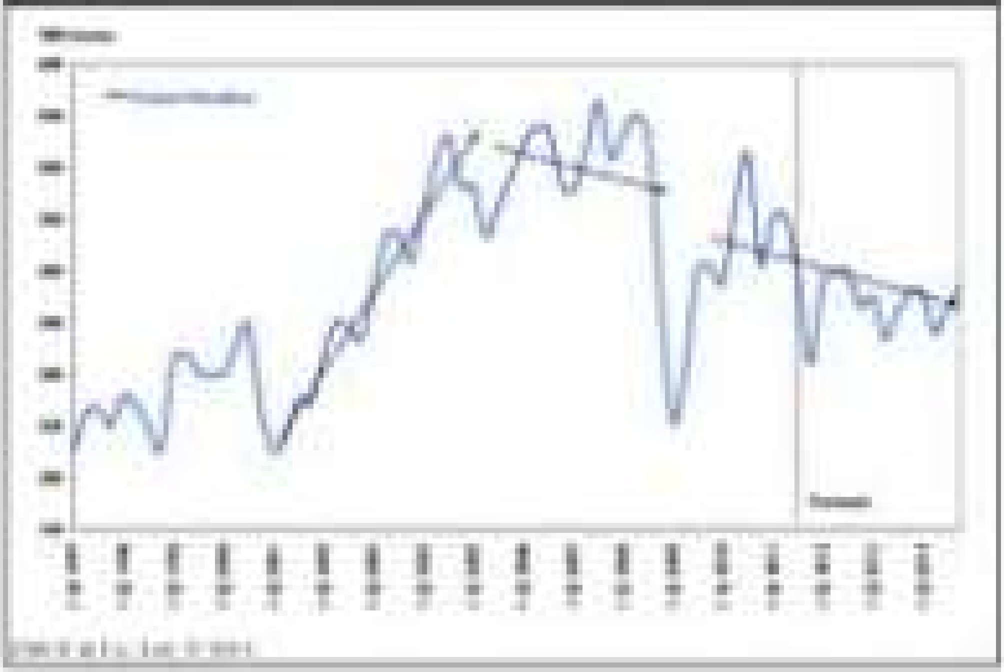


CHART XX: COATED WOODFREE EXPORTS ex EUROPE 30

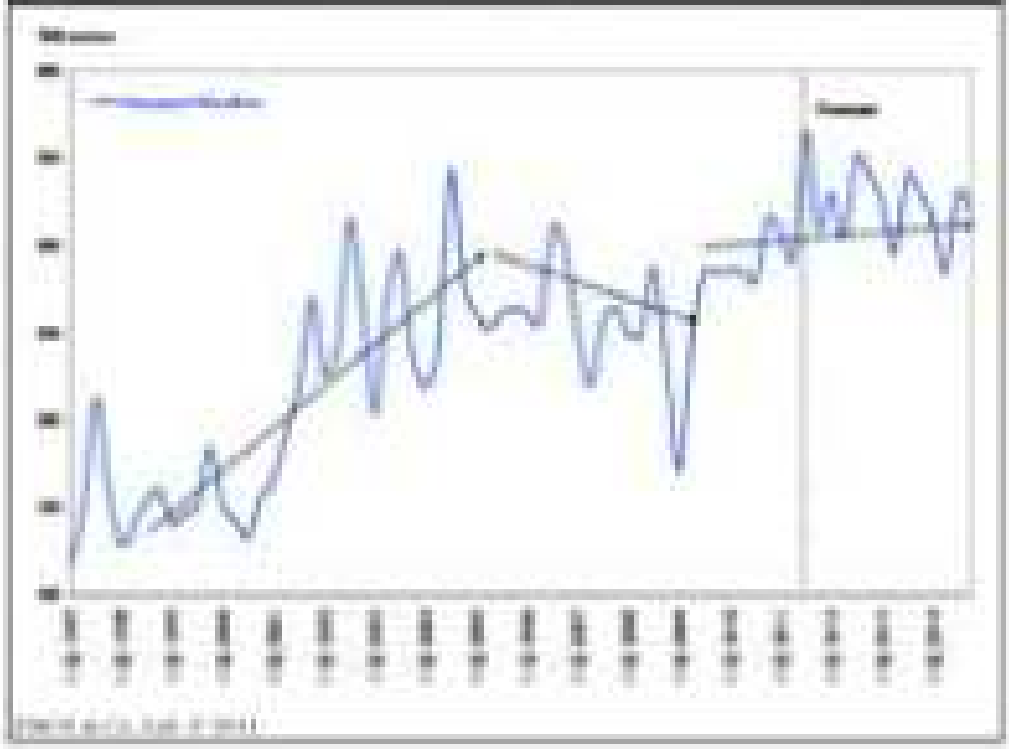


Although European mills will be helped short-term in their efforts to export by the currently weak Euro, we are nevertheless forecasting more or less flat (Uncoated Woodfree) or declining (Coated Woodfree) exports in the long term. The difference between the forecasts for the two grades is due to several reasons.

Firstly, Coated Woodfree capacity has grown extremely rapidly in China, creating heavy overcapacity in the region where demand is expected to grow most strongly: Asia.

We expect Asian producers, especially those in China, to supply most of the growing demand in that region, not least because those mills have been discouraged by tariffs in the past year from exporting to North America and Europe. Although European mills have increased their exports to North America this year as a result, that is a declining market, so further export growth to North America is expected to be limited, at best. At the same time, the increased capacity available within Asia is predicted to leave European mills largely shut off from the main expected export opportunity, i.e. Asia itself.

CHART XXI: UNCOATED WOODFREE EXPORTS – EUROPE 30



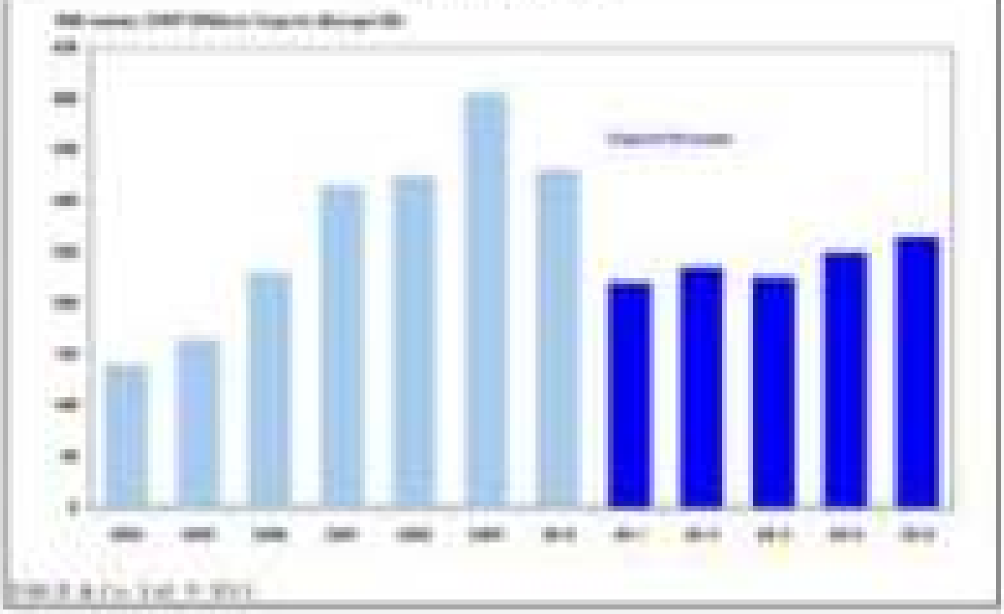
In the Uncoated Woodfree sector, growth in global capacity (and overcapacity) is expected to be less strong than in Coated Woodfree, so we are predicting slightly better export possibilities. In addition, Europe is forecast to have heavier overcapacity in this sector, giving Europeans with stronger impetus to export than in the Coated Woodfree sector. Put simply, we expect the motive and opportunity for European exporters to be slightly stronger in Uncoated Woodfree.

This should not be overstated, however, as we are forecasting that growth in Uncoated Woodfree exports this year and next will be balanced out by declines in the later years of the forecast, partly due to falling global demand in 2013 and partly due to capacity closures in Europe reducing the urgency to export.

4.2. CWF Import Outlook

CHART XXX: COATED WOODFREE OFFSHORE IMPORTS, EUROPE-20

Europe-20 Imports



Europe's imports, meanwhile, are not expected to vary much following this year's declines, as European demand is mainly forecast to be weak.

Against the background of a long-term rising trend of imports, the slight rises we have predicted for 2013, 2014 and 2015 are mainly due to imports into E.Europe-19 (during forecast growth years for E.Europe-19).

This applies to both Coated and Uncoated Woodfree.

4.3. Uncoated Woodfree Imports

CHART XXXI: UNCOATED WOODFREE OFFSHORE IMPORTS: EUROPE 20

Europe 20 Imports

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TABLE 14: OFFSHORE IMPORT SOURCES - UNCOATED WOODFREE

EUROPE 20 - OFFSHORE IMPORT SOURCES

'000 tonnes	Brazil	Aus/Chile/Saf	Indo/Thai	Others	TOTAL
Q1 09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q2 09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q3 09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q4 09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q1 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q2 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q3 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q4 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q1 11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q2 11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q3 11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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As shown in the chart and table above, European offshore imports of Uncoated Woodfrees have remained relatively stable overall.

4.4. UWF Import Outlook

The following tables show more detail of our import projections for Uncoated Woodfree.

TABLE 20: IMPORT PROJECTIONS - UNC. WOODFREE, EUROPE-20

EUROPE-20						
'000 tonnes	Brazil	[illegible]	[illegible]	[illegible]	Other	Total
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 21: IMPORT PROJECTIONS - UWF A4 CUT SIZE, EUROPE-20

EUROPE-20							
'000 tonnes	Brazil	[illegible]	[illegible]	[illegible]	Other	Total	[illegible]
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 22: IMPORT PROJECTIONS - UWF REELS/FOLIO, EUROPE-20

EUROPE-20						
'000 tonnes	Brazil	[illegible]	[illegible]	[illegible]	Other	Total
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Although some mills in Russia, Brazil and Asia may have potential long-term to increase offshore sales into Europe, we expect Uncoated Woodfree imports to remain relatively stable in the coming years, due to overcapacity and competitiveness among the leading European suppliers.

The UWF Import forecast is not expected to vary by over as much as 100,000 tpa between the lowest and highest years, during the period to 2015.

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5. Paper Prices

Short Delivery Lead Times and falling hardwood pulp prices caused Woodfree Paper prices to fall in recent months, as we forecast in our last European Woodfree report.

Ordinarily, with demand still weak, lower pulp prices and Lead Times on a clear downward trend, we would expect further price declines in the very short term.

However, the Eurozone debt crisis has significantly undermined the value of the Euro, to the extent that pulp prices in Euros have crept up twice in the past four weeks (while falling in the other two weeks), at a time when prices in US dollars have been continuing to fall consistently.

Due to continued weak demand, overcapacity and high inventory levels at ports, among other factors, we are forecasting continued falls in the US$-based pulp price into the first quarter of next year. We do not forecast exchange rates, which means we are not forecasting any further drop in the value of the Euro, and therefore our forecast is for pulp prices to fall further also in Euro-based terms. In line with that, as well as falling Lead Times and demand, Woodfree price weakness has continued to the end of 2011.

However, big capacity cutbacks at the end of 2011, such as at the Äänekoski and Uetersen mills (accounting for a net reduction of -4% in European CWF capacity), coupled with seasonally stronger shipments expected in the first quarter of next year, are predicted to boost Operating Rates in 2012. In addition, there are signs that the downturn in pulp prices may be starting to slow, and we expect Chinese buyers and speculators to play a key role in reversing the pulp price decline early next year.

These factors are expected to allow Woodfree paper producers to halt the current drop in prices in Q1 2012. Following that, improving demand and confidence in the second and third quarters of 2012 are predicted to help producers keep edging prices up during much of 2012.

Further ahead, in line with our forecast of a very weak 2013, we are forecasting falling pulp and Woodfree paper prices throughout that year (and very probably into 2014, too, although that is not part of this forecast).

As far as pulp prices are concerned, we are predicting that [NBSK] prices will bottom out at Euro 600/t in Q1 2012, then rising again in 2012, before new declines in the forecast weak year of 2013. For more detail – see Pulp Price commentary on page 66.

5.1. Paper and Pulp Prices

The following tables show our quarterly price forecasts to 2013.

a) Paper Price Forecast – EUROs

TABLE 33. PAPER AND PULP PRICE FORECAST – € EURO

€ EURO CURRENCY

	Pulp	Uncoated Woodfree			Coated Woodfree	
€ EUROs	(€ EUROs)	Reels	Folio	Cut-Size (C)	Sheets	Reels
1 Q 2010	615	585	655	685	715	650
2 Q 2010	740	675	750	775	790	700
3 Q 2010	735	665	735	775	835	720
4 Q 2010	660	715	780	810	830	725
1 Q 2011	675	715	780	805	830	715
2 Q 2011	680	725	795	820	845	720
3 Q 2011	670	715	790	815	810	705
4 Q 2011	615	705	780	790	795	695
1 Q 2012	600	705	780	790	795	695
2 Q 2012	620	720	795	810	824	720
3 Q 2012	655	735	805	825	835	725
4 Q 2012	660	735	805	835	835	735
1 Q 2013	630	720	790	810	830	724
2 Q 2013	560	690	745	785	790	690
3 Q 2013	530	675	750	770	775	675
4 Q 2013	510	670	745	760	765	670
2010	645	650	730	752	792	700
2011	660	715	785	810	820	710
2012	635	725	795	815	820	720
2013	560	690	745	785	790	690
2014	565	690	770	790	795	700

6) Paper Price Forecast – UK

This table shows the UK paper price forecast.

TABLE 24: PAPER AND PULP PRICE FORECAST – UK

UK						
	Pulp	Uncoated Woodfree			Coated Woodfree	
GBP £/t	(£/t)	Reels	Folio	Cut-Size (C)	Sheets	Reels
1 Q 2010	540	510	565	610	630	570
2 Q 2010	625	570	625	655	665	605
3 Q 2010	695	590	650	675	700	640
4 Q 2010	560	620	675	700	705	640
1 Q 2011	575	620	680	690	710	615
2 Q 2011	600	620	705	700	715	615
3 Q 2011	595	630	705	690	705	610
4 Q 2011	530	620	690	685	700	610
1 Q 2012	515	620	690	685	700	610
2 Q 2012	540	640	705	705	720	630
3 Q 2012	560	640	710	710	725	635
4 Q 2012	545	640	710	715	725	635
1 Q 2013	525	620	700	705	715	620
2 Q 2013	485	610	675	680	690	595
3 Q 2013	455	590	655	660	675	580
4 Q 2013	450	585	650	655	670	575
2010	585	575	630	660	675	615
2011	575	620	695	690	710	615
2012	545	640	705	705	720	630
2013	480	600	670	675	690	590
2014	485	600	665	675	690	590

5.2. Exchange Rates

CHART XXIV: EXCHANGE RATES – EURO vs. US DOLLAR

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The paper price forecasts in this report are based on the exchange rates that are in force at the time of compiling the forecast – Euro/$ 1.32.

Having continued to weakening in the past few months, the Euro is now back down to around the same level against the US$ that it was a year ago, but remains below the Euro/$ 1.22 level reached mid-2010.

The next table shows the progress of exchange rates in Europe vs. US$.

The price forecasts are based on the value of the Euro at the time of compiling this forecast

TABLE 25. EXCHANGE RATES

	$/Euro€	$/GB£		$/Euro€	$/GB£
1 Q 1996	1.237	1.532	1 Q 2004	1.253	1.838
2 Q 1996	1.236	1.524	2 Q 2004	1.203	1.803
3 Q 1996	1.261	1.553	3 Q 2004	1.221	1.823
4 Q 1996	1.257	1.648	4 Q 2004	1.279	1.848
1 Q 1997	1.249	1.700	1 Q 2005	1.314	1.892
2 Q 1997	1.169	1.657	2 Q 2005	1.258	1.848
3 Q 1997	1.103	1.641	3 Q 2005	1.220	1.787
4 Q 1997	1.128	1.659	4 Q 2005	1.190	1.749
1 Q 1998	1.093	1.660	1 Q 2006	1.204	1.753
2 Q 1998	1.099	1.656	2 Q 2006	1.257	1.828
3 Q 1998	1.111	1.659	3 Q 2006	1.273	1.873
4 Q 1998	1.183	1.680	4 Q 2006	1.290	1.914
1 Q 1999	1.124	1.641	1 Q 2007	1.311	1.934
2 Q 1999	1.064	1.619	2 Q 2007	1.349	1.986
3 Q 1999	1.059	1.596	3 Q 2007	1.372	2.022
4 Q 1999	1.041	1.622	4 Q 2007	1.447	2.042
1 Q 2000	0.988	1.606	1 Q 2008	1.491	1.970
2 Q 2000	0.933	1.528	2 Q 2008	1.563	1.971
3 Q 2000	0.913	1.486	3 Q 2008	1.508	1.897
4 Q 2000	0.867	1.448	4 Q 2008	1.319	1.578
1 Q 2001	0.923	1.470	1 Q 2009	1.307	1.433
2 Q 2001	0.880	1.426	2 Q 2009	1.369	1.544
3 Q 2001	0.883	1.433	3 Q 2009	1.429	1.644
4 Q 2001	0.900	1.446	4 Q 2009	1.478	1.633
1 Q 2002	0.878	1.429	1 Q 2010	1.383	1.560
2 Q 2002	0.907	1.452	2 Q 2010	1.273	1.490
3 Q 2002	0.983	1.543	3 Q 2010	1.287	1.549
4 Q 2002	0.994	1.567	4 Q 2010	1.387	1.613
1 Q 2003	1.070	1.609	1 Q 2011	1.367	1.603
2 Q 2003	1.123	1.627	2 Q 2011	1.437	1.631
3 Q 2003	1.127	1.613	3 Q 2011	1.415	1.611
4 Q 2003	1.178	1.689	4 Q 2011	1.353	1.573

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6. Pulp Price & Paper Margins

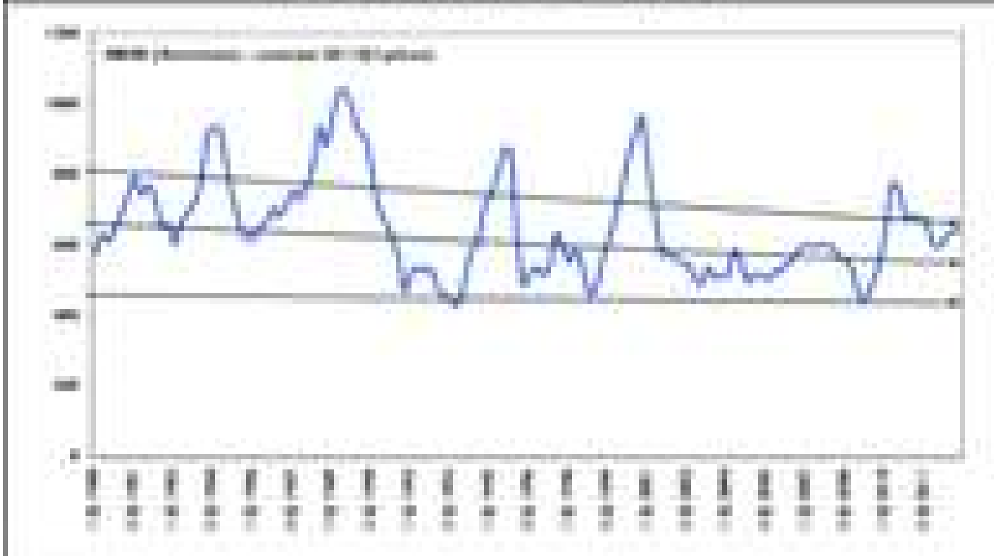
6.1. Market Pulp Prices

The following tables and charts update our pulp price and paper margin analysis.

TABLE 26. PULP PRICE FORECAST				
BSKP & BEKP (CIF West Europe)				
Current Prices	BSKP (US$)	BSKP (GBP£)	BSKP (EURO €)	BEKP $
1 Q 2010	850	545	615	763
2 Q 2010	945	635	760	850
3 Q 2010	955	605	722	840
4 Q 2010	915	565	660	825
1 Q 2011	925	575	675	835
2 Q 2011	980	600	680	880
3 Q 2011	945	585	670	830
4 Q 2011	835	530	615	720
1 Q 2012	810	515	600	720
2 Q 2012	850	540	630	760
3 Q 2012	880	560	650	790
4 Q 2012	890	565	665	800
1 Q 2013	840	535	610	760
2 Q 2013	760	485	560	675
3 Q 2013	710	455	530	645
4 Q 2013	700	450	520	635
Annual Averages				
2010	910	590	687	820
2011	920	575	660	825
2012	860	545	635	770
2013	755	480	560	685
2014	760	485	565	685

CHART XXV. MARKET PULP PRICE FORECAST

NBSK – EURO / Tonne (constant prices)



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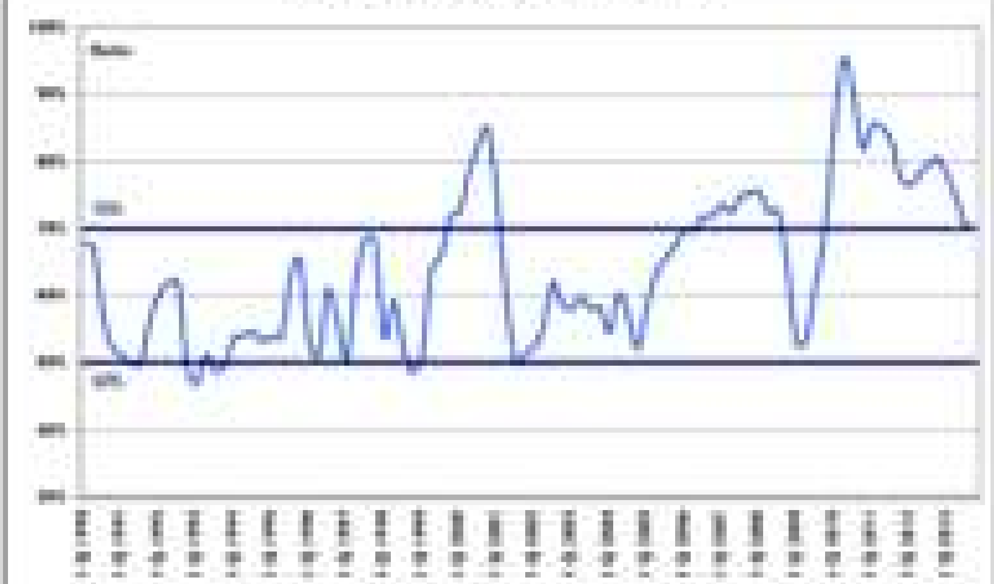
As forecast, Market Pulp prices have been falling again, and our current forecast shows pulp prices falling further to US$810/t in Q1 2012, which is lower than our previous forecast, mainly due to a stronger US dollar. We do not expect prices to fall below this level, however, due to far higher costs than during the last downturn (in 2009, when all prices fell to around US$640/t). The subsequent upturn in 2012 is forecast to be sparked by Chinese buyers, when they realise prices have stopped falling. This is then expected to lead into the forecast improvement in paper demand around mid-2012, keeping pulp prices on an upward trend for most of the year.

All of these inter-dependent factors are then expected to take a back seat in 2013, when the whole market cycle (pulp, paper, energy, wood, the general economy) is predicted to turn down, with prices falling to US$705/t by the end of 2013.

CHART XXVI. PULP TO PAPER PRICE RATIOS – EUROPE

BEKP / COATED WOODFREE (Reels)

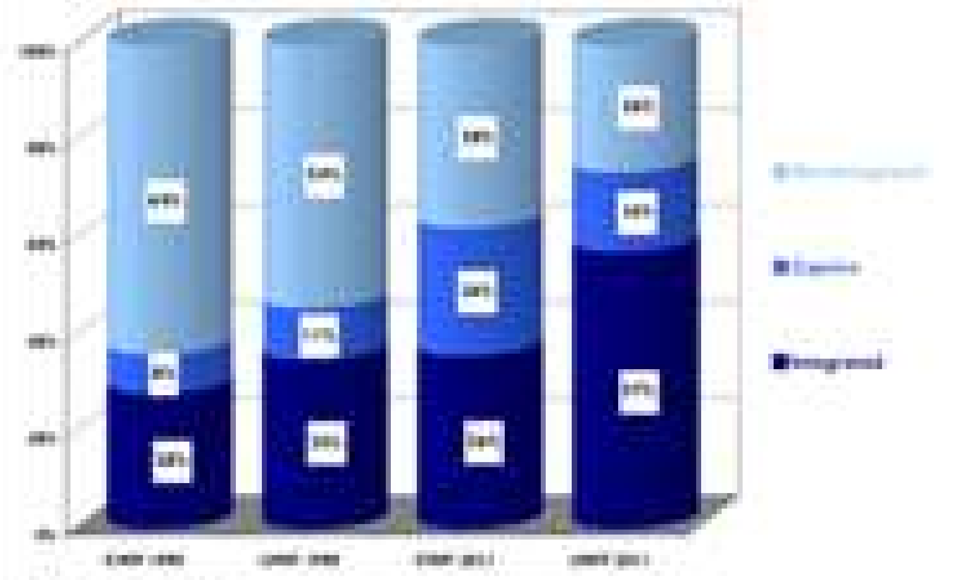


BEKP / UNCOATED WOODFREE (Reels)

6.2. Integration

CHART XXVIII: INTEGRATION TRENDS – FINE PAPERS

EUROPE-30



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The rate of integration in the Europe-30 Woodfree sector is summarised in the chart above.

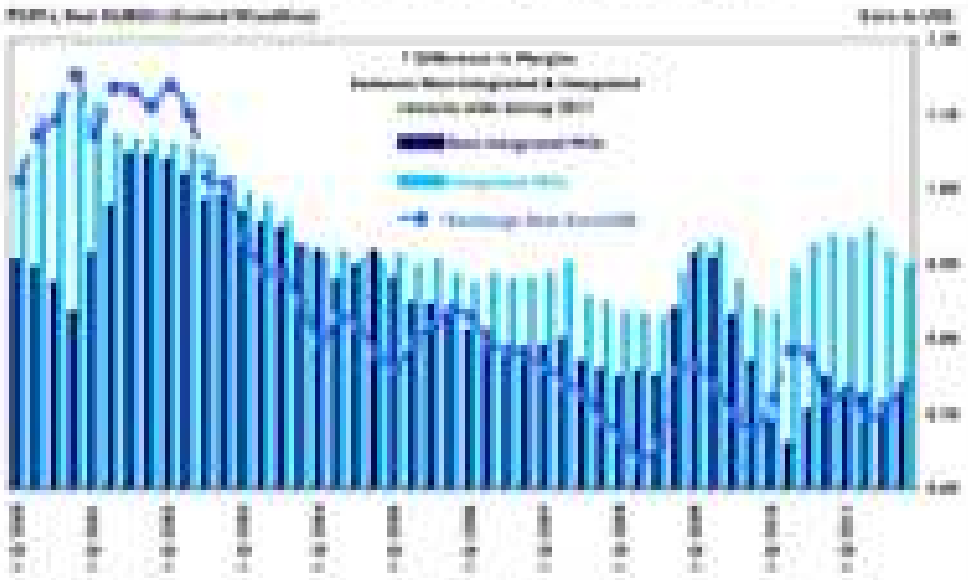
The share of non-integrated paper production has fallen from 64% in 1990 to 38% in 2011 in the **Coated Woodfree** sector, which demonstrates that, in the Coated Woodfree sector, there has been a significant switch from a heavy reliance on market pulp to much more captive pulp supplies since 1990, as well as an increase in the share of integrated production. Yet, still, only 36% of the European Coated Woodfree paper capacity is fully integrated (on-site) with chemical pulp, leaving a large proportion of the sector relatively vulnerable to fluctuations in the Open Market Pulp price.

Uncoated Woodfree mills have also had a big increase in captive pulp use, and even more of a switch to paper production based on mill-integrated pulp supply (reaching 58% of capacity in 2011). In the European Uncoated Woodfree sector only 26% of capacity is independently based on market pulp, compared to 54% in 1990. Integrated and Captive Capacity together account for 74% of European Uncoated Woodfree capacity today, which makes this sector less directly affected by movements in Market Pulp prices.

6.3. Paper-Makers' Converting Margins

CHART XXVIII. MARGINS - INTEGRATED vs. NON-INTEGRATED, CWF

CONVERTING MARGINS - COATED WOODFREE



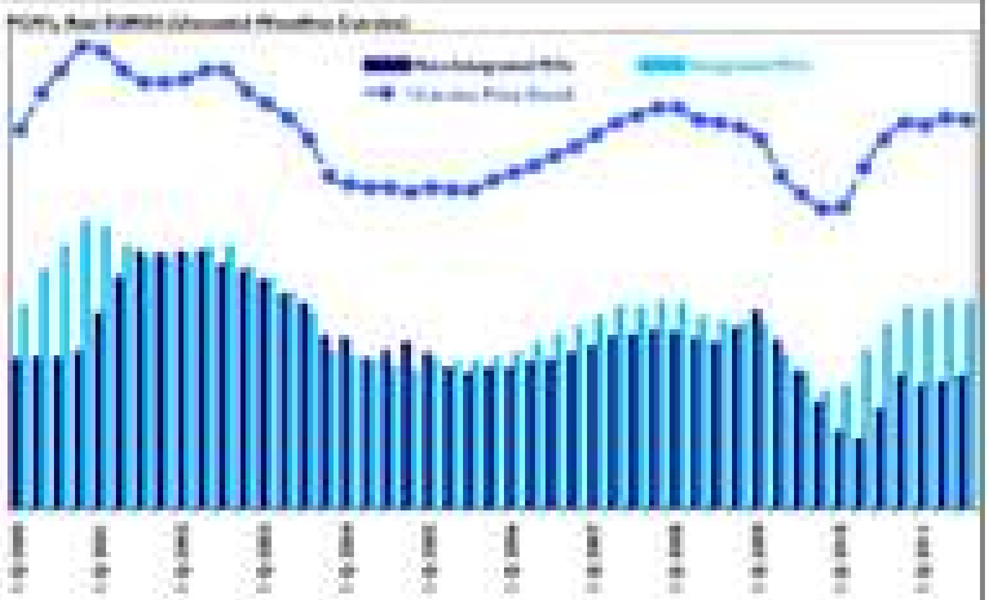
* converting margins are the calculated difference between the price of paper and the average costs of pulp

The above chart compares, for Integrated and Non-Integrated mills respectively, the Converting Margins (i.e. the difference between the price of paper and the costs of pulp) for Coated Woodfree paper producers, over the last few years.

Despite Woodfree paper prices falling since our last report, converting margins for non-integrated paper mills have actually improved slightly, because pulp prices have been falling faster. Non-Integrated converting margins, despite the slight improvement, are still quite low, however, suggesting that paper prices will not fall much further unless pulp prices do the same.

CHART XXIX. MARGINS – INTEGRATED vs. NON-INTEGRATED, CUT-SIZE

CONVERTING MARGINS – UNCOATED WOODFREE CUT-SIZE



* converting margins are the calculated difference between the price of paper and the average costs of pulp

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The above chart compares, for Integrated and Non-Integrated mills respectively, the Converting Margins (i.e. the difference between the price of paper and the costs of pulp) for Uncoated Woodfree Cut-size paper producers, over recent years.

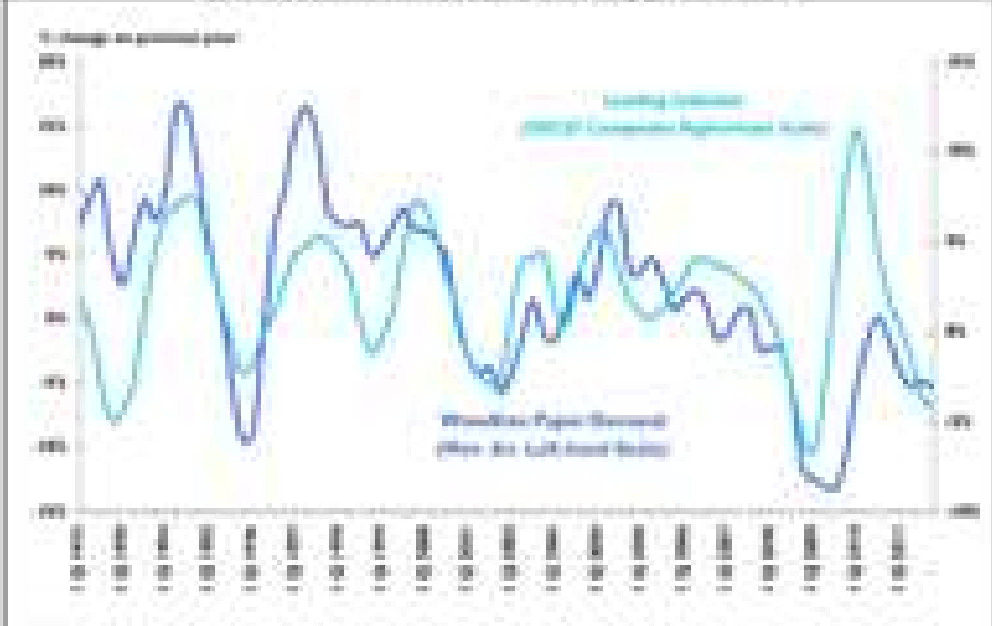
Converting margins remain low for non-integrated paper mills that purchase Market Pulp, despite a slight improvement in recent months.

However, integrated mills have gained a definite advantage over their non-integrated rivals, during the 2010-2011 period.

Appendix 1 : Market Indicators

CHART XXX: OECD CLI vs. WOODFREE PAPERS

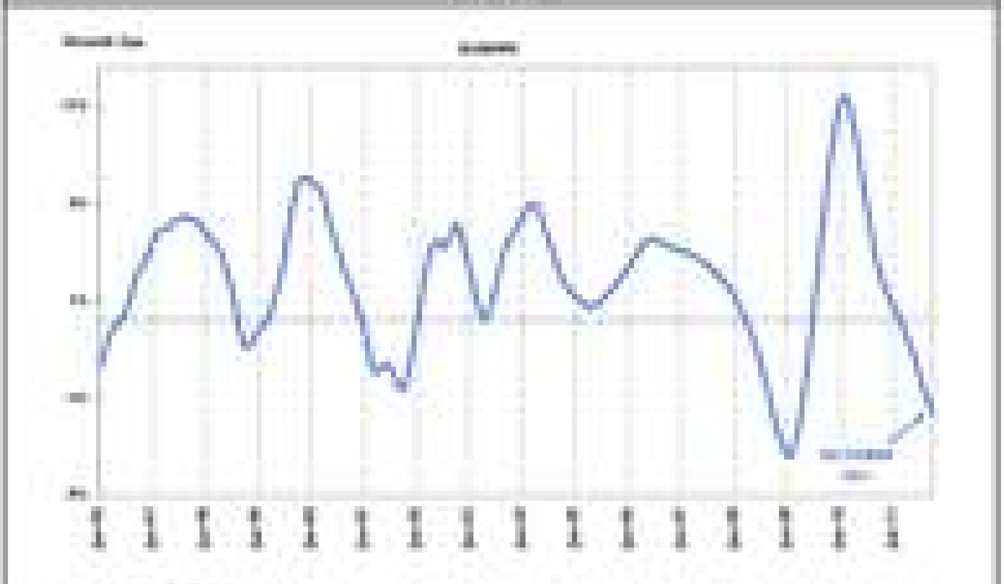
WE-16 WOODFREE PAPER DEMAND vs. OECD CLI



This chart compares Woodfree Paper Demand against the OECD's European Composite Leading Indicator, which reveals a useful comparison of the growth cycles.

CHART XXXI: OECD COMPOSITE LEADING INDICATOR

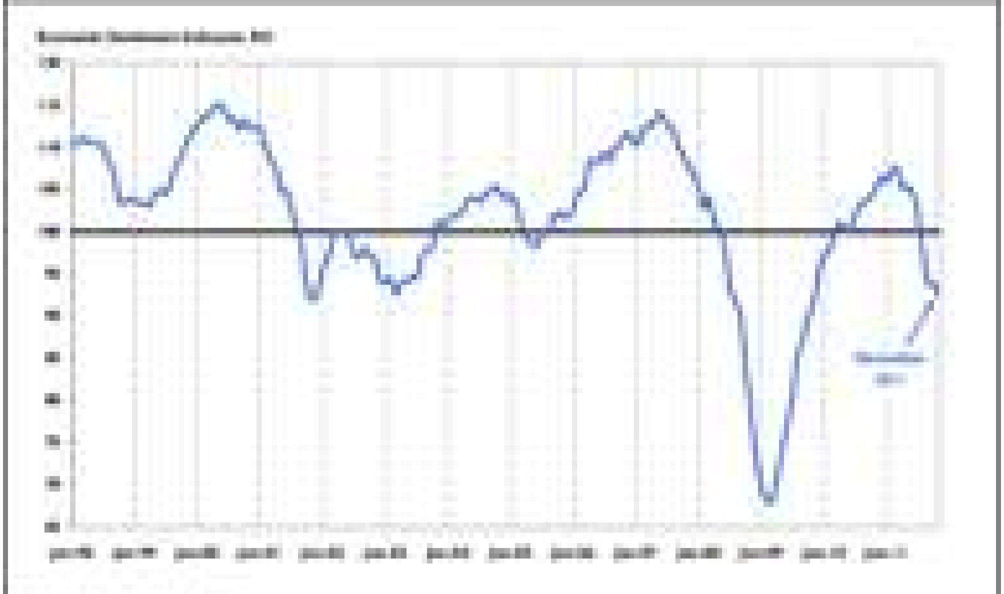
Europe



In Europe, the OECD composite leading indicator has continued on its downward trajectory and is now deep in negative territory.

General Economic Sentiment in Europe has been weakening since early 2011 and has been negative for most of the second half of the year.

CHART XXXII: ECONOMIC SENTIMENT INDICATOR, EUROPE



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The recovery from the downturn early in 2009 is now clearly a thing of the past, with consumer confidence falling back to recession levels.

CHART XXXIII: CONSUMER CONFIDENCE INDICATOR, EUROPE

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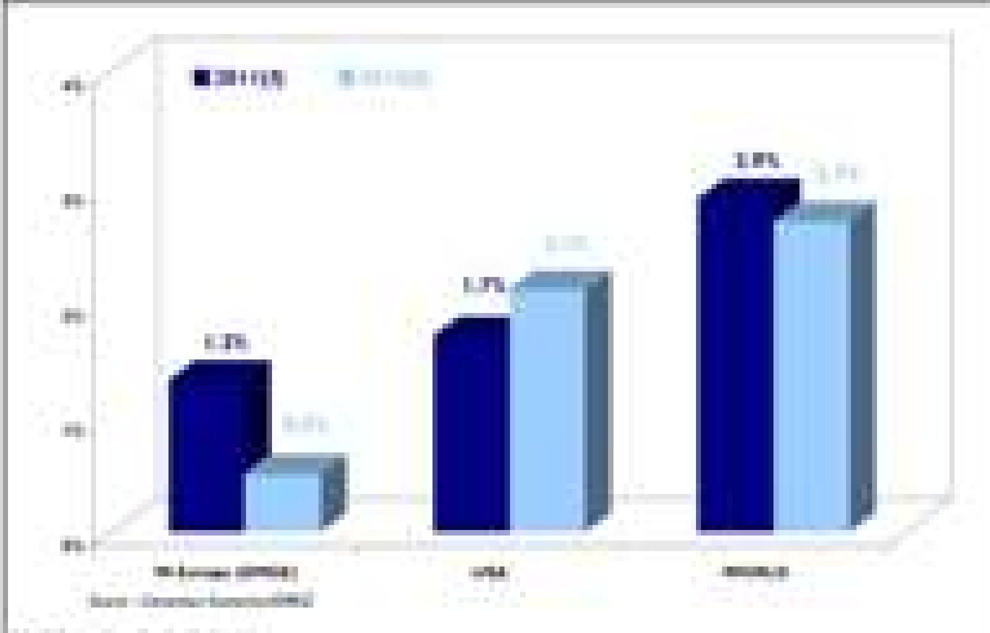
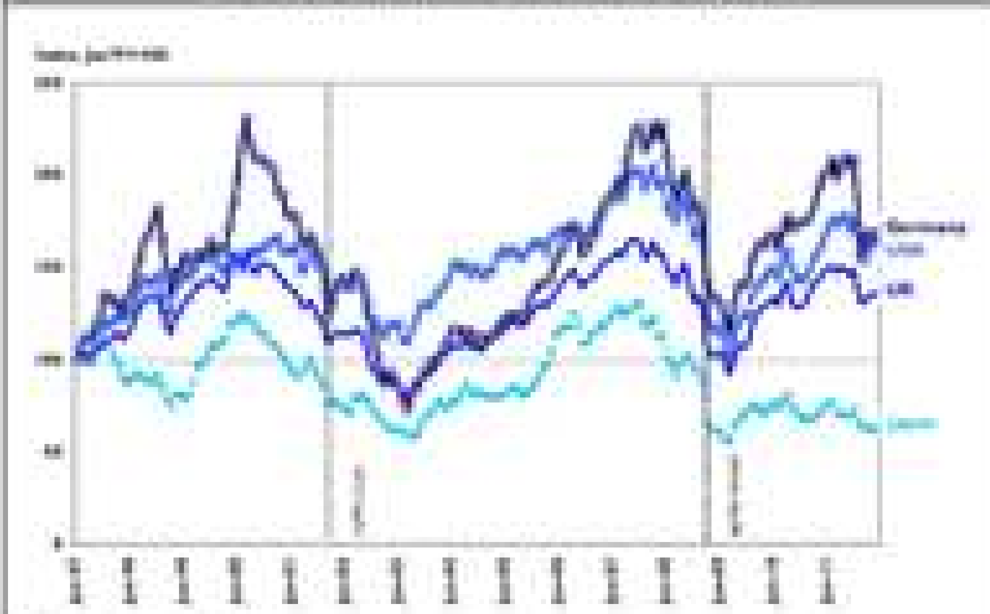
CHART XXXIV: GDP CONSENSUS/EMGE FORECAST



The Consensus forecasts for GDP show that growth is generally expected to remain positive, although forecasts for 2012 have been downgraded.

CHART XXXV: SHARE PRICES

Share Price Movements - USA, Europe and Japan



Share prices have decreased very turbulently since our last report, due to panic about the European debt crisis.

CHART XXXVI. SHORT TERM INTEREST RATES

CHART XXXVII. YIELD CURVES

Appendix 2 : Demand Forecast Grade/Region

The tables in the Appendix show detailed forecasts for GDP and Paper Demand Trends, Paper Demand by Grade for Coated and Uncoated Woodfree and Grade and regional demand predictions.

These tables supplement those in the main report.

A2.1 Trends

A2.1.1 GDP and Paper Demand, Europe-30

TABLE 27. TRENDS – GDP & PAPER DEMAND, EUROPE-30						
Europe-30						
	GDP		Coated W'dfree		Unc. W'dfree	
	Index (1995=100)	Growth	Demand ('000t)	Growth	Demand ('000t)	Growth
1995	100	2.2%	4594	-3.8%	6702	-4.1%
1996	104	1.7%	3997	-11.0%	6961	3.9%
1997	112	2.0%	3939	-11.0%	7327	3.7%
1998	115	2.9%	4089	7.2%	7501	2.0%
1999	119	2.8%	4626	8.9%	7868	4.9%
2000	123	3.7%	4959	3.2%	8123	2.2%
2001	122	1.8%	6179	-7.0%	7910	-2.8%
2002	127	1.1%	6384	3.2%	7944	0.2%
2003	128	1.2%	6450	1.0%	7891	0.6%
2004	131	2.1%	7304	8.7%	8363	4.0%
2005	134	2.0%	7248	2.7%	8327	-0.1%
2006	138	3.2%	7517	2.1%	8338	-0.2%
2007	142	3.1%	7723	2.2%	8071	0.4%
2008	143	0.3%	7594	-1.7%	7947	-2.1%
2009	137	-4.0%	6511	-13.2%	6986	-12.1%
2010	**139**	**1.9%**	**6685**	**8.8%**	**7048**	**0.9%**
2011	141	1.2%	6135	-3.4%	6933	-2.6%
2012	142	0.6%	6235	2.0%	6863	-1.0%
2013	144	1.2%	5790	-7.4%	6450	-6.0%
2014	146	1.8%	5750	-0.7%	6393	-0.9%
2015	150	2.4%	5940	3.2%	6473	1.2%
Avg. 2010-15	**1.2%pa**		**-1.7%pa**		**-2.2%pa**	

The above table shows the historical and forecast development of GDP and the Coated and Uncoated Woodfree paper markets for the Europe-30 region.

A2.1.2 GDP and Paper Demand, Europe-16

TABLE 28. TRENDS : GDP & PAPER DEMAND, W.EUROPE-16						
West Europe-16						
	GDP		Coated W'free		Unc. W'free	
	Index : 1990=100	Growth	Demand ('000t)	Growth	Demand ('000t)	Growth
1995	108	2.4%	5040	-4.9%	6137	-7.0%
1996	110	1.7%	4833	11.4%	6370	3.8%
1997	113	2.6%	5323	10.1%	6733	5.7%
1998	116	2.9%	5713	7.3%	6933	3.0%
1999	119	2.8%	6273	9.8%	7208	4.3%
2000	124	3.7%	6460	2.9%	7428	2.7%
2001	126	1.7%	5990	-7.2%	7140	-3.8%
2002	127	1.0%	6153	2.8%	7100	-0.6%
2003	128	1.1%	6200	0.7%	7093	-0.1%
2004	131	2.0%	6680	7.7%	7573	6.8%
2005	132	1.9%	6853	2.6%	7523	-0.7%
2006	137	3.1%	6920	0.9%	7423	-1.3%
2007	141	3.0%	7040	1.7%	7360	-0.8%
2008	142	0.1%	6880	-2.3%	6980	-5.2%
2009	136	-4.1%	5850	-15.0%	6070	-13.0%
2010	**138**	**2.0%**	**5845**	**0.0%**	**6288**	**4.6%**
2011	140	1.2%	5540	-5.2%	5993	-5.6%
2012	141	0.5%	5440	-1.8%	5908	-1.4%
2013	143	1.1%	5180	-4.2%	5473	-7.2%
2014	145	1.8%	5123	-1.1%	5400	-1.4%
2015	148	2.1%	5292	3.2%	5450	0.9%
Avg. 2010-15	**1.4%pa**		**-2.4%pa**		**-3.4%pa**	

[illegible]

The above table shows similar data for W.Europe-16, where the demand trend for Woodfree papers is slightly more negative than for Europe-30, as the forecast for W.Europe-16 is not boosted by the better outlook in E.Europe-14.

A2.1.3 GDP and Paper Demand, E.Europe-14

TABLE 29. TRENDS - GDP & PAPER DEMAND, E.EUROPE-14

E.Europe-14	GDP		Coated W'free		Unc. W'free	
	Index: 1995=100	Growth	Demand ('000t)	Growth	Demand ('000t)	Growth
1995	100	4.2%	234	8.2%	567	4.9%
1996	103	3.2%	263	3.4%	591	4.2%
1997	105	2.0%	333	26.6%	632	7.0%
1998	107	2.2%	369	11.1%	566	-8.1%
1999	110	2.6%	331	-0.0%	618	9.3%
2000	113	3.0%	390	13.4%	703	13.8%
2001	118	3.4%	389	-2.1%	670	-4.7%
2002	122	3.2%	429	10.2%	746	11.4%
2003	127	4.2%	450	4.9%	798	6.6%
2004	134	5.0%	524	16.4%	790	-0.8%
2005	140	4.5%	541	3.7%	832	5.4%
2006	148	5.7%	637	17.2%	913	9.8%
2007	156	5.7%	683	7.6%	1006	10.1%
2008	162	3.9%	713	4.3%	967	-3.8%
2009	156	-3.5%	581	-18.0%	914	-5.2%
2010	**157**	**0.2%**	**620**	**6.8%**	**993**	**8.6%**
2011	158	0.7%	595	-4.0%	980	-1.3%
2012	161	1.9%	613	3.0%	962	2.7%
2013	164	2.1%	610	-0.6%	973	1.0%
2014	169	2.8%	623	2.0%	993	2.1%
2015	174	3.2%	650	4.0%	1023	3.0%
Avg. 2010-15	**2.1%pa**		**-0.8%pa**		**1.0%pa**	

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The above table shows similar data for E.Europe-14. As mentioned earlier, the demand outlook for E.Europe-14 is more positive than for W.Europe-16.

A2.2 Grade Demand Forecasts

The following tables and charts provide our grade demand forecasts for Europe to 2015.

TABLE 38. GRADE DEMAND OUTLOOK

Europe-28

'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
CWF Reels	1910	1820	1920	1780	1780	1855	-0.8%
CWF Sheets	4330	4310	4333	4005	3963	4003	-2.1%
UWF Reels	2113	1975	1900	1760	1700	1730	-2.9%
UWF Folio	1530	1420	1430	1305	1333	1240	-4.0%
UWF Cut Size	3790	3530	3533	3383	3454	3500	-1.1%

W.Europe-14

'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
CWF Reels	1813	1720	1805	1670	1667	1727	-1.0%
CWF Sheets	4050	3850	3833	3510	3460	3543	-2.5%
UWF Reels	1843	1730	1630	1513	1460	1480	-4.2%
UWF Folio	1260	1180	1185	1060	1055	990	-4.7%
UWF Cut Size	3315	3085	3063	2900	2933	2980	-1.7%

E.Europe-14

'000 tonnes	2010	2011	2012	2013	2014	2015	2010-15
CWF Reels	120	100	115	113	120	135	1.6%
CWF Sheets	350	490	500	443	503	520	8.8%
UWF Reels	270	243	230	245	243	250	-1.3%
UWF Folio	270	240	243	243	250	253	-1.1%
UWF Cut Size	453	463	470	483	500	520	2.7%

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TABLE 31: GRADE DEMAND FORECAST – CWF, EUROPE-30

Europe-30			
'000 t	Reels	Sheets	Total CWF
2010	1933	4550	**6483**
2011	1823	4310	**6133**
2012	1850	4403	**6253**
2013	1702	4093	**5796**
2014	1702	3963	**5758**
2015	1833	4083	**5940**
Annual growth % pa			
2011	-5.7%	-5.3%	**-5.4%**
2012	1.2%	0.4%	**2.0%**
2013	-7.0%	-7.6%	**-7.4%**
2014	0.0%	-1.0%	**-0.7%**
2015	3.9%	3.0%	**3.3%**
2010-15 %pa	**-0.8%**	**-2.1%**	-1.7%

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TABLE 32. GRADE DEMAND FORECAST - CWF, W.EUROPE-16			
	W.Europe-16		
000 t	Reels	Sheets	Total CWF
2010	1813	4050	**5863**
2011	1720	3830	**5548**
2012	1807	3833	**5640**
2013	1670	3510	**5180**
2014	1663	3460	**5127**
2015	1723	3563	**5290**
Annual growth % pa			
2011	-5.2%	-5.7%	**-5.5%**
2012	4.9%	0.0%	**1.8%**
2013	-7.5%	-8.3%	**-8.2%**
2014	-0.3%	-1.4%	**-1.1%**
2015	3.6%	3.0%	**3.2%**
2010-15 %pa	**-1.0%**	**-2.5%**	**-0.8%**

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TABLE 33. GRADE DEMAND FORECAST - CWF, E.EUROPE-14			
	E.Europe-14		
000 t	Reels	Sheets	Total CWF
2010	120	300	420
2011	103	290	393
2012	113	300	413
2013	113	297	410
2014	120	303	423
2015	130	320	450
Annual growth % pa			
2011	-13.3%	-3.3%	-6.4%
2012	9.5%	3.0%	5.4%
2013	0.0%	-1.0%	-0.8%
2014	4.7%	2.0%	2.5%
2015	8.3%	3.0%	4.8%
2010-15 %pa	1.6%	0.8%	0.9%

TABLE 34. GRADE DEMAND FORECAST – UWF, EUROPE-30				
Europe-30				
000's t	Reels	Folio	Cutsize	Total
2010	2117	1530	3703	**7350**
2011	1980	1425	3532	**6938**
2012	1900	1430	3533	**6863**
2013	1760	1310	3380	**6450**
2014	1700	1260	3430	**6390**
2015	1720	1250	3500	**6470**
Annual growth % pa				
2011	-6.5%	-6.9%	-4.6%	**-5.6%**
2012	-4.0%	0.4%	0.0%	**-1.1%**
2013	-7.4%	-8.4%	-4.3%	**-6.0%**
2014	-3.4%	-3.8%	1.5%	**-0.9%**
2015	1.2%	-0.8%	2.0%	**1.3%**
2010-15 %pa	**-4.0%**	**-4.0%**	-1.1%	**-2.5%**

TABLE 35. GRADE DEMAND FORECAST – UWF, W. EUROPE-16				
	W.Europe-16			
'000 t	Reels	Folio	Cutsize	Total
2010	1955	1260	3233	**6450**
2011	1730	1185	3080	**5995**
2012	1650	1185	3063	**5900**
2013	1515	1060	2900	**5475**
2014	1460	1005	2933	**5400**
2015	1480	990	2980	**5450**
Annual growth % pa				
2011	-6.2%	-6.0%	-2.1%	**-5.6%**
2012	-4.6%	0.0%	-0.5%	**-1.6%**
2013	-8.2%	-10.5%	-5.3%	**-7.2%**
2014	-3.6%	-5.2%	1.2%	**-1.4%**
2015	1.4%	-1.2%	1.3%	**0.9%**
2010-15 5pa	**-4.2%**	**-4.7%**	**-1.7%**	**-2.8%**

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TABLE 36. GRADE DEMAND FORECAST - UWF, E.EUROPE-14				
E.Europe-14				
000 t	**Reels**	**Folio**	**Cutsize**	**Total**
2010	270	270	453	**993**
2011	245	240	453	**938**
2012	250	245	470	**965**
2013	245	245	485	**975**
2014	245	250	500	**995**
2015	250	255	520	**1025**
Annual growth % pa				
2011	-9.3%	-11.1%	0.0%	-5.5%
2012	2.0%	2.1%	3.8%	2.7%
2013	-2.0%	0.0%	3.2%	1.0%
2014	0.0%	2.0%	3.1%	2.1%
2015	2.0%	2.0%	4.0%	3.0%
2010-15 %pa	**-1.5%**	**-1.1%**	**2.7%**	**0.6%**

CHART XXXVIII. COATED WOODFREE DEMAND GROWTH, EUROPE-30

Europe-30, Coated Woodfree Papers

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CHART XXXIX. UNCOATED WOODFREE DEMAND GROWTH, EUROPE-30

Europe-30, Uncoated Woodfree Papers

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CHART XL: UWF PAPER DEMAND, EUROPE-30 BY REGION

Europe-30, Uncoated Woodfree

CHART XLI: CUT-SIZE PAPER DEMAND, EUROPE-30 BY REGION

Europe-30, Uncoated Woodfree Cut-size

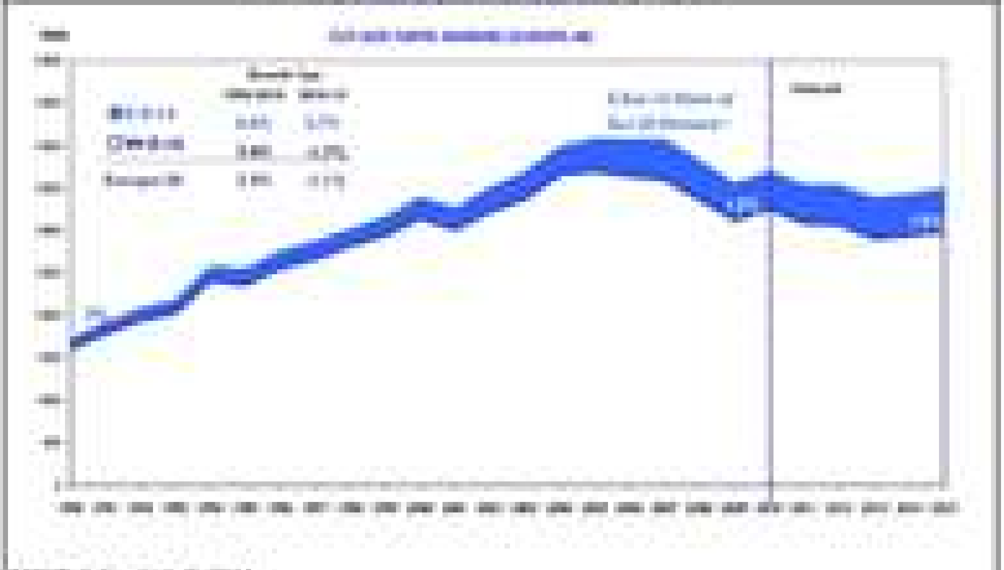

CHART XLII. UWF REELS PAPER DEMAND, EUROPE-30 BY REGION

Europe-30, Uncoated Woodfree Reels

CHART XLIII. UWF FOLIO SHEETS PAPER DEMAND, EUROPE-30 BY REGION

Europe-30, Uncoated Woodfree Folio Sheets

CHART XLIV. COATED WOODFREE PAPER DEMAND, EUROPE-30 BY REGION

Europe-30, Coated Woodfree

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CHART XLV. CWF SHEETS PAPER DEMAND, EUROPE-30 BY REGION

Europe-30, Coated Woodfree Sheets

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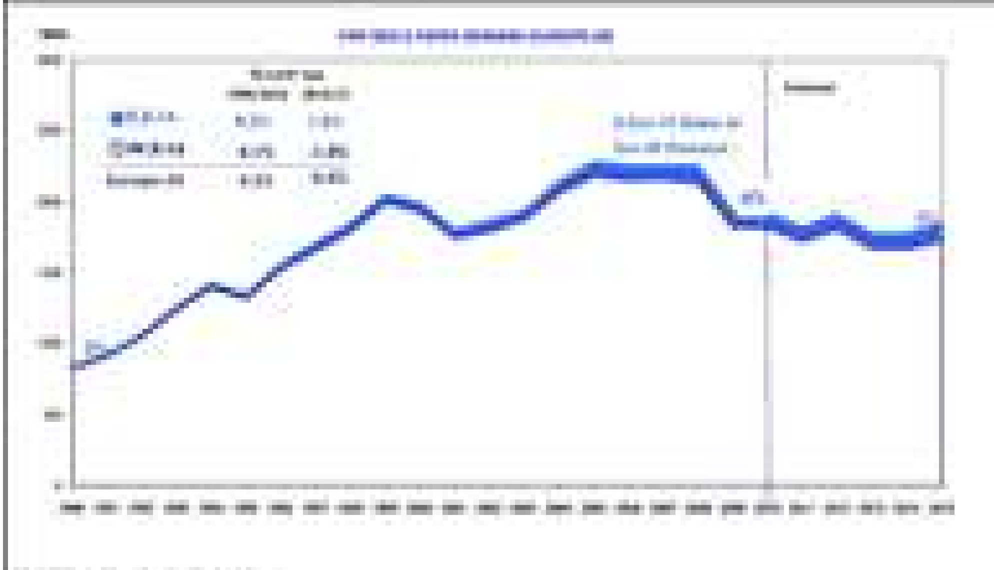
CHART XLVI. CWF REELS PAPER DEMAND, EUROPE-38 BY REGION

Europe-38, Coated Woodfree Reels



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A2.3 Grade Demand Forecasts, by region

A2.3.1 Grade Demand Forecasts, by region – Coated Woodfree

TABLE 37. DEMAND FORECAST – CWF SHEETS

Europe-20

'000 t	Germany	France	UK	Italy	Rest	Europe-20
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

'000 t	Nordic	Benelux	Iberia	CH/WE	EU-14	Europe-20
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Growth %pa	Germany	France	UK	Italy	Rest	Europe-20
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Growth %pa	Nordic	Benelux	Iberia	CH/WE	EU-14	Europe-20
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 38. DEMAND FORECAST - CWF REELS

Europe-20

000 t	Germany	France	UK	Italy	Rest	Europe-20
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

000 t	Nordic	Benelux	Iberia	CH/A/WE	EE-14	Europe-20
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Growth %pa	Germany	France	UK	Italy	Rest	Europe-20
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Growth %pa	Nordic	Benelux	Iberia	CH/A/WE	EE-14	Europe-20
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TABLE 39: DEMAND FORECAST - CWF 2-SIDE

Europe-20

000 t	Germany	France	UK	Italy	Rest	Europe-20
2010	1723	760	895	830	2270	**4483**
2011	1680	730	855	740	2130	**4135**
2012	1700	740	873	752	2180	**4255**
2013	1600	680	783	680	2040	**3790**
2014	1583	670	773	673	2040	**3750**
2015	1623	690	810	700	2110	**3940**

000 t	Nordic	Benelux	Iberia	CH/WE	EE-14	Europe-20
2010	223	480	545	400	620	**4483**
2011	213	460	500	373	595	**4135**
2012	220	455	510	380	615	**4255**
2013	205	438	433	345	610	**3790**
2014	200	425	450	341	627	**3750**
2015	205	430	462	333	650	**3940**

Growth %pa	Germany	France	UK	Italy	Rest	Europe-20
2011	-2.5%	-4.0%	-5.0%	-10.8%	-5.9%	**-8.4%**
2012	1.2%	1.1%	1.9%	2.0%	2.1%	**2.8%**
2013	-5.9%	-8.1%	-10.3%	-9.9%	-6.2%	**-7.4%**
2014	-0.9%	-0.7%	-1.3%	-1.1%	0.0%	**-0.7%**
2015	2.5%	3.0%	4.3%	4.1%	3.3%	**8.8%**
2010-15 %pa	**-1.2%**	**-1.9%**	**-0.8%**	**-8.8%**	**-1.8%**	**-1.7%**

Growth %pa	Nordic	Benelux	Iberia	CH/WE	EE-14	Europe-20
2011	-4.4%	-4.2%	-8.3%	-6.7%	-4.0%	**-8.4%**
2012	3.3%	1.1%	2.0%	1.9%	3.4%	**2.8%**
2013	-6.8%	-3.8%	-15.0%	-9.2%	-0.8%	**-7.4%**
2014	-2.4%	-1.2%	-1.1%	0.0%	2.5%	**-0.7%**
2015	2.5%	2.4%	2.5%	2.9%	4.0%	**8.8%**
2010-15 %pa	**-1.8%**	**-1.9%**	**-0.7%**	**-2.4%**	**0.8%**	**-1.7%**

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A2.3.2 Grade Demand Forecasts, by region – Uncoated Woodfree

TABLE 40: DEMAND FORECAST – UWF REELS

Europe-20

000 t	Germany	France	UK	Italy	Rest	Europe-20
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

000 t	Nordic	Benelux	Iberia	CH/A/WE	EE-14	Europe-20
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Growth %pa	Germany	France	UK	Italy	Rest	Europe-20
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Growth %pa	Nordic	Benelux	Iberia	CH/A/WE	EE-14	Europe-20
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TABLE 41: DEMAND FORECAST - UWF FOLIO

Europe-30

'000 t	Germany	France	UK	Italy	Rest	Europe
2010	280	170	222	133	493	1530
2011	270	170	210	133	413	1420
2012	270	170	210	133	423	1430
2013	250	150	185	133	383	1300
2014	245	145	175	130	370	1260
2015	240	143	170	130	370	1230

'000 t	Nordic	Benelux	Iberia	CE/WE	EU-14	Europe-30
2010	50	122	133	105	270	1530
2011	45	118	120	100	240	1420
2012	45	113	120	100	245	1430
2013	40	103	105	90	245	1300
2014	35	100	100	85	250	1260
2015	35	95	100	85	233	1230

Growth %pa	Germany	France	UK	Italy	Rest	Europe-30
2011	-3.6%	0.0%	-4.7%	0.0%	-11.5%	-7.2%
2012	0.0%	0.0%	0.0%	0.0%	1.6%	0.7%
2013	-7.4%	-11.8%	-11.9%	-11.3%	-6.4%	-8.7%
2014	-2.0%	-3.3%	-5.4%	-2.7%	-3.6%	-3.1%
2015	-2.0%	-1.4%	-2.9%	0.0%	0.0%	-1.2%
2010-15 %pa	**-3.4%**	**-3.8%**	**-5.3%**	**-3.3%**	**-5.9%**	**-4.0%**

Growth %pa	Nordic	Benelux	Iberia	CE/WE	EU-14	Europe-30
2011	-10.0%	-3.3%	-11.1%	-4.8%	-11.1%	-7.2%
2012	0.0%	4.3%	0.0%	0.0%	2.1%	0.7%
2013	-11.1%	-8.7%	-12.5%	-10.0%	0.0%	-8.7%
2014	-12.5%	-4.8%	-4.8%	-5.6%	3.0%	-3.1%
2015	0.0%	-5.0%	0.0%	0.0%	-3.0%	-1.2%
2010-15 %pa	**-6.9%**	**-4.8%**	**-5.8%**	**-4.1%**	**-1.7%**	**-4.0%**

TABLE 42: DEMAND FORECAST - UWF CUTSIZE

Europe-30

'000 t	Germany	France	UK	Italy	Rest	Europe-30
2010	422	280	348	292	1332	2708
2011	380	260	333	290	1493	2648
2012	370	260	318	283	1500	2538
2013	350	222	300	263	1455	2388
2014	355	240	490	270	1480	2433
2015	360	243	433	275	1513	2493

'000 t	Nordic	Benelux	Iberia	Oth WE	EE-14	Europe-30
2010	133	290	318	240	423	2708
2011	133	260	280	233	423	2644
2012	133	260	275	240	470	2538
2013	140	233	233	230	483	2388
2014	140	240	240	223	500	2433
2015	150	243	265	225	520	2493

Growth %pa	Germany	France	UK	Italy	Rest	Europe-30
2011	-8.7%	-3.9%	-4.4%	-1.2%	-3.2%	-4.3%
2012	-0.9%	0.0%	-1.8%	-1.2%	0.1%	-0.2%
2013	-4.2%	-4.2%	-3.9%	-0.2%	-2.3%	-4.2%
2014	0.9%	0.9%	2.1%	1.4%	2.1%	1.8%
2015	1.4%	0.9%	1.0%	1.4%	2.4%	1.7%
2010-15 %pa	-2.8%	-1.2%	-1.7%	-1.0%	-0.2%	-1.1%

Growth %pa	Nordic	Benelux	Iberia	Oth WE	EE-14	Europe-30
2011	0.0%	-7.7%	-9.7%	-2.1%	0.0%	-4.3%
2012	0.0%	0.0%	-1.8%	-3.0%	1.1%	-0.2%
2013	-4.2%	-4.9%	-7.3%	-4.2%	3.2%	-4.2%
2014	0.0%	1.3%	3.0%	3.2%	3.1%	1.8%
2015	1.4%	1.2%	1.9%	0.0%	4.0%	1.7%
2010-15 %pa	-0.7%	-2.8%	-4.1%	-0.8%	0.7%	-1.1%

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TABLE 43: DEMAND FORECAST – UWF PAPERS

Europe-20

'000 t	Germany	France	UK	Italy	Rest	Europe-20
2010	1313	1120	1090	742	2559	**7340**
2011	1230	1085	1010	750	2862	**6940**
2012	1213	1070	960	730	2833	**6805**
2013	1150	1000	900	650	2735	**6445**
2014	1140	990	890	643	2713	**6400**
2015	1150	990	895	670	2763	**6470**

'000 t	Nordic	Benelux	Iberia	Ch/WE	EE-14	Europe-20
2010	313	400	623	663	990	**7340**
2011	300	390	575	660	940	**6940**
2012	290	390	560	650	963	**6805**
2013	265	350	510	623	975	**6445**
2014	255	340	500	622	995	**6400**
2015	260	340	510	623	1023	**6470**

Growth %pa	Germany	France	UK	Italy	Rest	Europe-20
2011	-6.1%	-3.1%	-7.3%	-2.0%	-4.1%	**-8.4%**
2012	-1.2%	-1.4%	-3.3%	-2.7%	-0.2%	**-1.2%**
2013	-5.2%	-6.5%	-6.6%	-8.2%	-4.6%	**-6.8%**
2014	-0.9%	-1.0%	-1.1%	-0.7%	-0.6%	**-0.7%**
2015	0.9%	0.0%	0.6%	0.8%	1.8%	**1.2%**
2010-15 %pa	**-2.4%**	**-2.2%**	**-3.9%**	**-2.4%**	**-1.9%**	**-2.3%**

Growth %pa	Nordic	Benelux	Iberia	Ch/WE	EE-14	Europe-20
2011	-4.0%	-9.2%	-8.0%	-1.1%	-3.2%	**-8.4%**
2012	-3.3%	0.0%	-3.6%	-2.2%	2.7%	**-1.2%**
2013	-8.6%	-6.0%	-8.9%	-2.6%	1.0%	**-6.8%**
2014	-3.8%	-0.9%	-2.0%	-1.2%	2.1%	**-0.7%**
2015	2.0%	0.0%	2.0%	1.2%	3.0%	**1.2%**
2010-15 %pa	**-3.6%**	**-3.2%**	**-4.0%**	**-1.4%**	**0.6%**	**-2.3%**

A2.4 Woodfree Grade Demand Forecasts by country/region

(Including Offshore Imports)

TABLE 44. DEMAND FORECAST – GERMANY							
Germany							
'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	1220	500	1720	393	280	433	1213
2011	1183	493	1680	380	270	380	1230
2012	1193	505	1700	370	270	373	1213
2013	1113	485	1600	350	250	350	1150
2014	1100	485	1585	340	245	355	1140
2015	1130	495	1625	345	240	365	1150
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	1.2%	[illegible]	0.0%	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TABLE 45. DEMAND FORECAST – FRANCE							
France							
'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	460	285	745	270	170	580	1120
2011	445	265	710	255	170	560	1085
2012	445	280	725	245	170	560	1070
2013	420	260	680	225	150	535	1000
2014	420	255	675	220	145	540	990
2015	430	265	695	225	140	545	995
Annual growth % pa							
2011	-3.3%	-7.0%	-4.4%	-4.7%	0.0%	-3.4%	-4.7%
2012	0.0%	5.7%	2.1%	-4.2%	0.0%	0.0%	-1.4%
2013	-5.7%	-7.1%	-6.2%	-7.6%	-11.8%	-4.5%	-6.5%
2014	0.0%	-1.9%	-0.7%	-2.2%	-3.3%	0.9%	-1.0%
2015	2.4%	3.9%	3.0%	1.6%	-3.4%	0.9%	0.5%
2010-15 %pa	-2.2%	-1.4%	-1.9%	-3.3%	-3.8%	-1.2%	-2.3%

TABLE 46. DEMAND FORECAST – UK							
UK							
'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	530	365	895	325	225	540	1090
2011	495	355	850	285	210	515	1010
2012	495	380	875	265	210	510	985
2013	440	345	785	235	185	490	910
2014	430	345	775	225	175	490	890
2015	450	360	810	230	170	495	895
Annual growth % pa							
2011	-6.6%	-2.7%	-4.9%	-12.3%	-6.7%	-4.6%	-7.3%
2012	0.0%	7.0%	2.9%	-7.0%	0.0%	-1.0%	-2.5%
2013	-11.1%	-9.2%	-10.3%	-11.3%	-11.9%	-3.9%	-7.6%
2014	-2.3%	0.0%	-1.3%	-4.3%	-5.4%	0.0%	-2.2%
2015	4.7%	4.3%	4.5%	2.2%	-2.9%	1.0%	0.6%
2010-15 %pa	-3.2%	-0.3%	-2.0%	-6.7%	-5.5%	-1.7%	-3.9%

TABLE 47. DEMAND FORECAST – ITALY

Italy							
000's	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 48. DEMAND FORECAST – NORDIC

Nordic							
000's	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 49. DEMAND FORECAST – BENELUX							
Benelux							
'000 t	**Sheets**	**Reels**	**CWF**	**Reels**	**Folio**	**Cutsize**	**UWF**
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 50. DEMAND FORECAST – IBERIA							
Iberia							
'000 t	**Sheets**	**Reels**	**CWF**	**Reels**	**Folio**	**Cutsize**	**UWF**
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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TABLE 51: DEMAND FORECAST – OTHER W.EUROPE

Other W.E. Countries (Austria, Switz., Denmark & Ireland)

'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	293	107	**400**	120	102	240	**462**
2011	280	93	**373**	115	100	245	**460**
2012	280	100	**380**	110	100	240	**450**
2013	255	90	**345**	105	90	230	**425**
2014	255	90	**345**	100	87	233	**420**
2015	260	93	**353**	105	87	233	**425**
Annual growth % pa							
2011	-4.4%	-9.3%	**-6.8%**	-4.2%	-2.0%	2.1%	-0.4%
2012	0.0%	7.5%	1.9%	-4.3%	0.0%	-2.0%	**-2.2%**
2013	-8.9%	-10.0%	**-9.2%**	-4.5%	-10.0%	-4.2%	**-5.6%**
2014	0.0%	0.0%	**0.0%**	-4.8%	-3.4%	1.3%	-1.2%
2015	2.0%	3.4%	2.3%	5.0%	0.0%	0.0%	1.2%
2010-15 %pa	**-2.3%**	**-2.8%**	**-2.4%**	**-2.6%**	**-3.1%**	**-0.6%**	**-1.7%**

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TABLE 52: DEMAND FORECAST – W.EUROPE-16

W.Europe-16

'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	4050	1815	**5865**	1845	1260	3345	**6450**
2011	3830	1720	**5550**	1730	1183	3088	**5991**
2012	3835	1805	**5640**	1635	1183	3062	**5880**
2013	3518	1670	**5188**	1513	1060	2900	**5473**
2014	3460	1663	**5123**	1460	1005	2933	**5408**
2015	3563	1725	**5288**	1480	990	2980	**5450**
Annual growth % pa							
2011	-5.7%	-5.2%	**-5.4%**	-6.2%	-6.0%	-7.7%	**-7.1%**
2012	0.1%	4.9%	**1.6%**	-5.5%	0.0%	-0.8%	**-1.9%**
2013	-8.3%	-7.5%	**-8.0%**	-7.5%	-10.4%	-5.3%	**-6.9%**
2014	-1.6%	-0.4%	-1.3%	-3.5%	-5.2%	1.1%	-1.2%
2015	3.0%	3.7%	**3.2%**	1.4%	-1.5%	1.6%	**0.8%**
2010-15 %pa	**-2.5%**	**-1.0%**	**-2.0%**	**-4.3%**	**-4.7%**	**-2.3%**	**-3.3%**

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TABLE 53: DEMAND FORECAST – E.EUROPE-14							
E.Europe-14							
'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TABLE 54: DEMAND FORECAST – EUROPE-30							
Europe-30							
'000 t	Sheets	Reels	CWF	Reels	Folio	Cutsize	UWF
2010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Annual growth % pa							
2011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Appendix 3 : Quarterly Forecasts

A3.1 Market Forecast – Quarterly – Coated Woodfree

Here, we summarise the following quarterly market forecast for Coated Woodfree (Total, followed by Reels and Sheets) in Europe-30, W.Europe-16 and E.Europe-14.

a) Coated Woodfree Market (Quarterly Forecast, EUROPE-30)

TABLE 15: CWF (Total) : QUARTERLY MARKET, EUROPE-30

Europe -30							
'000t		Demand	Imports	Exports	Deliveries	Capacity	Op. Rate
2010	Qtr1	1750	110	380	1980	2220	90%
	Qtr2	1650	50	460	2050	2190	92%
	Qtr3	1680	60	510	2030	2180	93%
	Qtr4	1530	60	410	1892	2160	88%
Total 2010		**6480**	**280**	**1770**	**7955**	**8750**	**91%**
2011	Qtr1	1620	60	455	2015	2160	93%
	Qtr2	1603	53	455	1843	2150	85%
	Qtr3	1510	53	400	1845	2130	88%
	Qtr4	1520	20	266	1740	2090	83%
Total 2011		**6130**	**168**	**1610**	**7528**	**8530**	**88%**
2012	Qtr1	1600	60	390	1930	2050	94%
	Qtr2	1480	40	380	1900	2000	95%
	Qtr3	1530	53	400	1710	1980	86%
	Qtr4	1495	53	395	1833	2000	92%
Total 2012		**6205**	**200**	**1555**	**7375**	**8030**	**92%**
2013	Qtr1	1550	53	410	1843	2010	92%
	Qtr2	1385	40	395	1730	2013	86%
	Qtr3	1463	53	323	1770	2010	88%
	Qtr4	1520	64	280	1670	1990	84%
Total 2013		**5790**	**220**	**1430**	**7013**	**8030**	**87%**
2014		**5720**	**158**	**1470**	**6975**	**7820**	**89%**
2015		**5940**	**242**	**1480**	**7073**	**7730**	**92%**
2010-15 %pa		**-1.7%**	**-4.0%**	**-4.4%**	**-2.2%**	**-2.3%**	

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(NB: Exports include all off-shore deliveries outside Europe-30)

TABLE [illegible]: QUARTERLY MARKET: W.EUROPE-16							
W.Europe-16							
'000t		Demand	Imports	Exports	Deliveries	Capacity	Op. Rate
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

(NB: Exports include all deliveries outside W.Europe-16, including those to E.Europe-16)

b) CWF Sheets & Rolls Demand (Quarterly Forecast)

TABLE 57: CWF ROLLS & SHEETS [illegible] – Q. DEMAND, EUROPE 20

Europe 20						
Year		GDP %pa	Sheets	Rolls	Total CWF	Growth pa
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	

Units		GDP %pa	[illegible]	[illegible]	Total CWP	Growth pa
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	

TABLE [illegible]: CWP [illegible] & SHEETS [illegible] – Q DEMAND: S EUROPE-14						
S Europe-14						
Years		GDP %pa	Sheets	Rolls	Total CWP	Growth pa
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

A3.2 Market Forecast – Quarterly – Uncoated Woodfree

Similarly, we summarise the following quarterly market forecast for Uncoated Woodfree (Total, followed by Reels, Sheets and Cut-Size) in Europe-30, W.Europe-16 and E.Europe-14.

a) Uncoated Woodfree Market (Quarterly Forecast)

TABLE 68: UWF - QUARTERLY MARKET, EUROPE-30

Europe-30							
'000t		Demand	Imports	Exports	Deliveries	Capacity	Op. Rate
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]		Demand	Imports	Exports	Deliveries	Capacity	Op. Rate
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

TABLE [illegible]: [illegible] – QUARTERLY MARKET, [illegible]

[illegible]		Demand	Imports	Exports	Deliveries	Capacity	Op Rate
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] %pa		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

c) UWF Reels, Folio & Cut-Size Demand (Quarterly Forecast)

TABLE 62: UWF REELS, FOLIO & CUT-SIZE – Q. DEMAND: EUROPE-20

Europe-20

'000t		Reels	Folio	Cut-Size	Total UWF	Growth pa
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010-15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	

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TABLE [illegible]: UWF REELS, FOLIO & CUT SIZE – Q. DEMAND, W EUR-16						
W Europe-16						
[illegible]		Reels	Folio	Cut Size	Total UWF	Growth pa
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2010/15 %pa		[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

TABLE [illegible]: UWF REELS, FOLIO & CUT SIZE - Q. DEMAND: [illegible]						
[illegible]						
Year		Reels	Folio	Cut Size	Total UWF	Growth pa
2010	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2011	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2012	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013	Qtr1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Qtr4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total 2013		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2014		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2015		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

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