

50th Session of the FAO Advisory
Committee on Paper and Wood Products
Rome; 26 May 2009

The impacts of the financial crisis on pulp and paper industry: Italy

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Outline

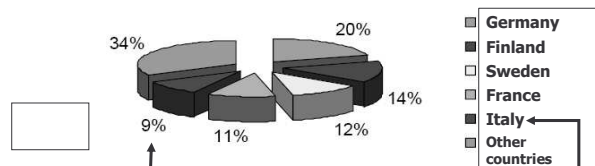
1. Introduction
2. Italian pulp & paper sector: at the end of the recession?
3. Adaptation strategy in a period of turmoil:
 - Energy costs reduction
 - PR activities: → public support
 - Further greening of the industry
 - Increasing the domestic supply of raw material
4. Conclusions

1. Introduction (pre-crisis condition)

Italy in Europe: 4th paper largest producer (after G, FIN, S), 5th considering also pulpwood

- 1st in tissue paper production
- 4th in packaging paper
- 5th in printing paper (with some specialization in high value products)

European production of pulp and paper



Industrial structure (Source: Assocarta)

year	Companies no	Plants no	Employees	
			no	var%
1998	171	207	25300	-1.2
1999	166	202	25100	-0.8
2000	164	201	25000	-0.4
2001	162	200	24800	-0.8
2002	156	200	24500	-1.2
2003	152	196	24000	-2.0
2004	151	194	23700	-1.3
2005	147	191	23400	-1.3
2006	145	189	23000	-1.7
2007	143	188	22700	-1.3

year	1000	5 001	10 001	25 001	5 0001	> 100 000 ton	TOTAL
	50 00 ton	10 000 ton	25 000 ton	50 000 ton	100,000 ton		
1998	32	43	51	34	25	22	207
1999	31	37	50	33	29	22	202
2000	30	36	49	32	28	23	201
2001	30	35	48	31	27	23	200
2002	32	37	48	34	25	24	200
2003	32	36	49	31	23	25	196
2004	33	37	50	27	22	25	194
2005	34	31	40	35	26	25	191
2006	34	29	42	34	24	26	189
2007	34	28	44	32	22	26	186

Closing down of smaller, inefficient plants

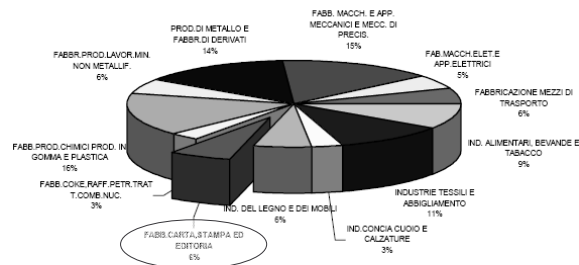
Trade (quantity and value – M€) and consumption (Source: Assocarta)

year	Production		Import		Export		Consumption		Exp / Production		Imp / Consumption	
	1000 T	Var%	1000 ton	Var%	1000 ton	Var%	1000 ton	Var%	%	%	%	%
1998	8390.4	2.7	3934.9	2.0	2250.7	-0.1	10074.7	3.1	26.8			39.1
1999	8685.6	3.5	4173.5	6.1	2436.9	8.3	10422.2	3.4	28.1			40.0
2000	9131.4	5.1	4543.8	8.9	2599.2	6.7	11076.0	6.3	28.5			41.0
2001	8956.4	-1.9	4464.4	-1.7	2618.0	0.7	10802.8	-2.5	29.2			41.3
2002	9356.2	4.5	4663.7	4.5	2841.6	8.5	11178.4	3.5	30.4			41.7
2003	9491.0	1.4	4677.3	0.3	2916.2	2.6	11252.1	0.7	30.7			41.6
2004	9667.1	1.9	5046.9	7.9	3248.5	11.4	11465.5	1.9	33.6			44.0
2005	9999.4	3.4	5192.3	2.9	3459.1	6.5	11732.5	2.3	34.6			43.2
2006	10008.4	0.1	5262.3	1.3	3502.2	1.2	11768.4	0.3	35.0			44.7
2007	10112.0	1.0	5296.5	0.7	3514.1	0.3	11894.4	1.1	34.8			44.5

year	Production value		Export		Import		balance
	1000T	Var%	1000T	Var%	1000T	Var%	
1998	6216	5.0	2164	5.3	2620	7.7	-456
1999	6324	1.7	2167	0.1	2680	2.3	-513
2000	7600	20.3	2669	23.0	3419	27.6	-732
2001	7621	0.3	2669	0.0	3382	-1.1	-618
2002	7175	-1.2	2774	0.3	3296	-2.5	-522
2003	6905	-3.8	2727	-1.7	3164	-4.0	-437
2004	6915	0.1	2844	4.3	3248	2.7	-404
2005	7065	2.2	2990	5.1	3314	2.0	-324
2006	7660	2.6	30	3.6	3459	4.4	-365
2007	8660	5.7	3207	3.6	3572	3.3	955

Rising production and added value

6% of industrial production (quite a lot for a country with no raw material)



Raw materials (Source: Assocarta)

Waste paper

The European industry uses 42% of recycled fibres

year	Internal supply		Import		Export		Consumption		Rate of use of waste paper	Recycling rate
	1000 T	Var%	1000 T	Var%	1000 T	Var%	1000 T	Var%	%	%
1998	3749.3	6.9	853.6	-7.8	41.8	-20.8	4561.1	4.1	54.4	45.3
1999	4084.1	8.9	706.2	-17.3	127.7	205.8	4662.6	2.2	53.7	44.7
2000	4565.5	11.8	741.4	5.0	217.9	70.6	5089.1	9.1	55.7	45.9
2001	4730.1	3.6	674.1	-9.1	257.7	18.3	5146.5	1.1	57.5	47.6
2002	5010.7	5.9	680.8	1.0	418.7	62.5	5272.9	2.5	56.4	47.2
2003	5227.0	4.3	589.1	-13.5	528.4	26.2	5287.7	0.3	55.7	47.0
2004	5592.5	7.0	500.5	-15.0	618.7	17.1	5474.2	3.5	56.6	47.7
2005	5791.8	3.6	445.4	-11.0	749.0	21.1	5488.2	0.3	54.9	47.6
2006	6000.5	3.7	466.8	4.4	894.5	19.0	5577.6	1.6	55.7	47.4
2007	6166.5	2.7	493.1	5.6	1079.1	20.6	5580.5	0.1	55.2	46.9

Pulpwood

year	Production		Import		Export		Consumption		Exp/Production	Imp/Consumption
	1000T	Var%	1000T	Var%	1000T	Var%	1000T	Var%	%	%
1998	455.7	-1.8	3075.7	1.5	12.9	7.9	3518.6	1.0	2.8	87.4
1999	440.4	-3.4	3118.2	1.4	15.4	20.0	3543.2	0.7	3.5	88.0
2000	433.5	-1.6	2975.6	-4.6	19.2	24.5	3389.9	-4.3	4.4	88.7
2001	414.5	-4.4	2995.4	4.0	21.1	9.7	3488.8	2.9	5.1	87.8
2002	450.2	8.6	3241.2	4.7	17.0	-19.4	3674.3	5.3	3.8	88.2
2003	477.9	6.2	3392.2	4.7	23.8	39.8	3846.4	4.7	5.0	88.2
2004	491.4	2.8	3285.9	-3.1	18.0	-24.3	3759.2	-2.3	3.7	87.4
2005	515.6	4.9	3510.9	6.8	30.3	68.5	3996.2	6.3	5.9	87.9
2006	502.1	-2.6	3474.3	-1.3	26.5	-12.8	3949.9	-1.9	5.3	88
2007	498.3	-0.8	3495.5	0.6	40.8	54.0	3953.0	0.1	8.2	88.4

2. Italian pulp & paper sector: at the end of the recession?

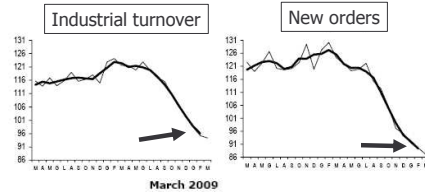
- P&P production: 94 M ton (-6.4% comparing to 2007 level; -8.5% in FIN; -4.7% in UK; -4.5% in Fr and Sp; -2.0% in G; -1.7% in Sw)
- P&P production value: 71 billion € (-6.7% comparing to 2007 level)
- Huge decreases in profit
- The lowest level of profit since 1995

2009:

- Negative short term trends (production in the first 3 months of 2009 is decreasing at the same rate)
- One important positive market signal: in Q1-2009 orders for packaging papers are increasing

2009: indicators of general industrial supply

Probably we are getting close to the lowest level, but at a rate that is decreasing



Indices of industrial turnover and orders in manufacturing

Indices	Index number (2005=100) March 2009	Percentage changes	
		March 2009 compared to March 2008	Jan. - Mar. 2009 compared to Jan. - Mar. 2008
Total turnover	102,0	-17,5	-21,4
Domestic turnover	99,7	-16,5	-21,3
Non domestic turnover	107,9	-19,9	-25,1
Total orders	99,4	-25,0	-30,6
Domestic orders	100,2	-25,0	-29,2
Non domestic orders	97,8	-33,0	-33,1

Source: ISTAT

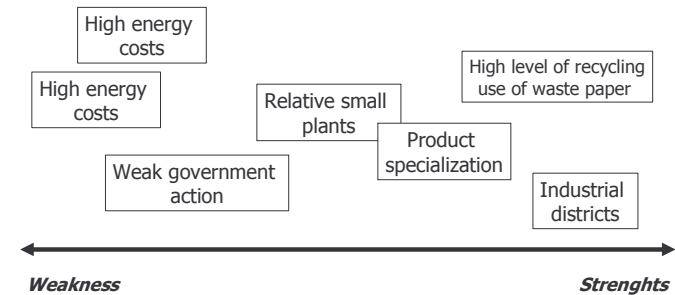
Industrial turnover in March 2009 (2005 = 100)

	Mar 09 Mar 08	Gen-Mar 09 Gen-Mar 08
B Estrazione di minerali da cave e miniere	-2,2	-3,1
C Attività manifatturiere	-22,8	-22,6
CA Industrie alimentari, bevande e tabacco	-2,7	-4,4
CB Industrie tessili, abbigliamento, pelli e accessori	-18,7	-13,1
CC Industria del legno, carta e stampa	-20,3	-19,0
CD Fabbricazione di coke e prodotti petroliferi raffinati	-29,4	-30,2
CE Fabbricazione di prodotti chimici	-28,9	-28,4
CF Produzione di prodotti farmaceutici di base e preparati farmaceutici	-6,3	-3,8
CG Fabbricazione di articoli in gomma e materie plastiche, altri prodotti della lavorazione di minerali non metalliferi	-20,7	-23,4
CH Metallurgia e fabbricazione di prodotti in metallo (esclusi macchine e impianti)	-35,2	-35,2
CI Fabbricazione di computer, prodotti di elettronica e ottica, apparecchi elettronici, apparecchi di misurazione e orologi	-11,2	-9,3
CJ Fabbricazione di apparecchiature elettriche e apparecchiature per uso domestico non elettriche	-30,2	-28,3
CK Fabbricazione di macchinari e attrezzature n.c.a.	-22,7	-23,3
CL Fabbricazione di mezzi di trasporto	-36,4	-35,1
CM Altre industrie manifatturiere, riparazione e installazione di macchine ed apparecchiature	-11,2	-10,3

New orders in March 2009 (2005 = 100)

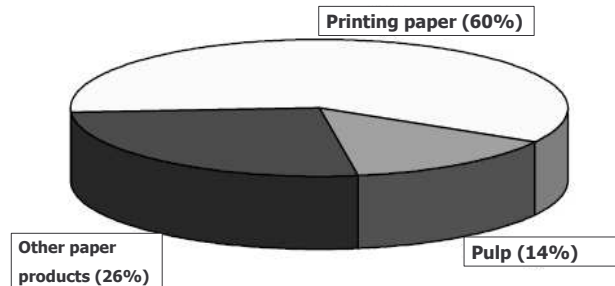
	Mar 09 Mar 08	Gen-Mar 09 Gen-Mar 08
Industrie tessili, abbigliamento, pelli e accessori	-16,4	-18,4
Industria del legno, carta e stampa (a)	-13,4	-22,3
Fabbricazioni di prodotti chimici	-26,4	-30,1
Produzione di prodotti farmaceutici di base e preparati farmaceutici	-3,0	-2,8
Metallurgia e fabbricazione di prodotti in metallo (esclusi macchine e impianti)	-36,4	-38,9
Fabbricazione di computer, prodotti di elettronica e ottica, apparecchi elettromedicali, apparecchi di misurazione e orologi	-28,3	-25,1
Fabbricazione di apparecchiature elettriche e apparecchiature per uso domestico non elettriche	-28,3	-28,5
Fabbricazione di macchinari e attrezzature n.c.a.	-27,2	-31,9
Fabbricazione di mezzi di trasporto	-30,0	-43,3

Strengths and weakness



Strong product specialization

No large production of paper products for mass production, but strong specialization in high Added Value products: tissue and sanitary paper, coated papers and other special printing papers



Industrial districts

- In the North-East (3 Regions): 31% of national production of printing paper
- Considering other 2 regions (almost 60% of national production)
- Tuscany: 20% paperboard production (→ packaging)

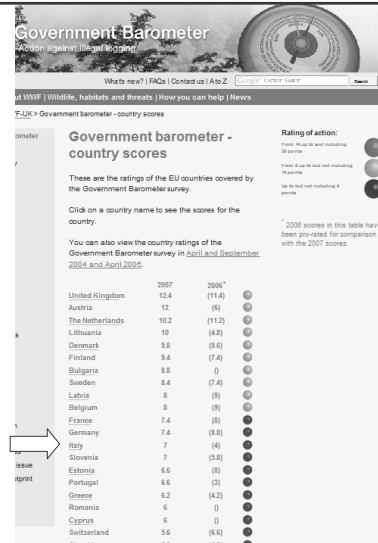
The hot issue of biomass procurement

- Italy: large internal production of wood biomass + 1st world importer of fuelwood and 2nd of chips and wood residues
- Competition in the use of (subsidized) wood biomass. CEPI report: the use of wood biomass for P&P production and recycling is creating 6 times more employment opportunities and 4 time more Added Value than biomass combustion for energy

FLEGT, ENA-FLEG and new EU regulation on due diligence

- Italy: the 2nd largest importer of wood products in Europe
- UK: 80% of imported wood FSC or PEFC certified; no information available about Italy; no clear public procurement policies implemented → probably the largest European importer of illegal wood
- No effective interest and action by the State authorities (lack of Inter-Ministerial coordination)

- No initiative related to VPA under the FLEGT Regulation
- 14th country in the WWF FLEGT barometer



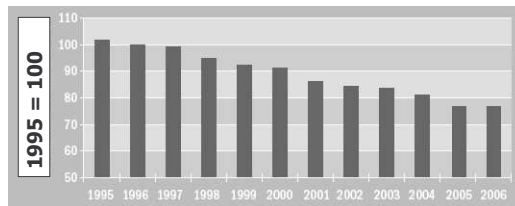
<http://barometerwwf.orguk/barometer.asp>

3 Adaptation strategy in a period of turmoil

- Energy costs reduction
- PR activities: → public support
- Further greening of the industry
- Increasing the domestic supply of raw material

Energy consumption

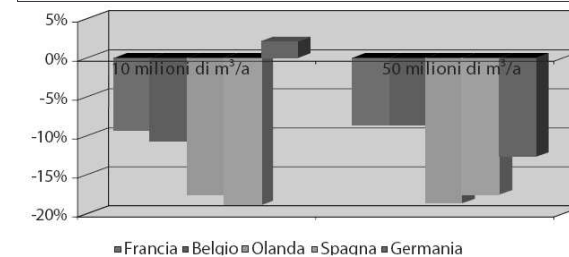
- The most relevant energy source: gas (25 billion cubic meters)
- P&P industry: more than 10% of the national industrial consumption (20 billion cubic meters): 55% for thermal energy production and 45% for power production
- Relevant decrease of energy consumption per unit of product. but still a very energy intensive sector



Source: Assocarta

- 2004-08: increased real prices and increased price differentials with other EU countries
- Still *de facto* control of prices by a monopolistic company (ENI): lack of intervention by State and EC authorities

Gas price differentials with other EU countries (taxes excluded)



Source: Assocarta

- To contrast this trend: an increasing lobbying organized by the Consortium (created in 2001) made up of 237 companies in the most energy intensive industrial sectors (5 billion cm gas) for promoting a common procurement policy

Further greening of the sector Environmental performances

- Special attention to the small P&P plants: support by Assocarta to the ISO 14001 and EMAS Regulation implementation (Guidelines; Standard EMS Manual and standardized documentation)
- Creation of an Environmental Observatory → Annual Environmental Report of the P&P sector
- DB of env legislation relevant for the P&P sector (more than 800 national regulations) + link to the CEPI DB



La Carta fra Luoghi Comuni e Realtà

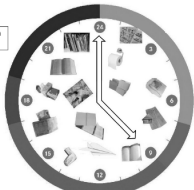
Lo sapevate che la Carta è un prodotto Naturale, Rinnovabile e Riciclabile? e che contribuisce al contenimento delle emissioni di CO₂?

Queste caratteristiche fanno della Carta una Scelta Amica dell'Ambiente, riconoscibile nel corso degli anni e la sua diffusione.

Luoghi Comuni che non corrispondono alla Realtà

Prima di vederli insieme osserviamo questa scheda informativa: pensavate che la Carta non fosse importante? la Carta fa parte della vita quotidiana di ognuno di noi: è Cultura, Informazione, Igiene e Protezione di prodotti e alimenti.

L'uso della Carta nella vita



- Luoghi Comuni che non corrispondono alla Realtà**
- Le foreste vengono distrutte per produrre carta
 - Il consumo di carta dovrebbe essere drasticamente ridotto per salvare le foreste
 - Tutti i tipi di carta dovrebbero essere prodotti con fibre riciclate
 - La carta si ottiene da un processo di produzione inquinante
 - La carta ha un forte impatto ambientale in termini di emissioni di CO₂
 - Per la produzione della carta si consuma una grande quantità di energia
 - La carta è un prodotto poco tecnologico e quindi non necessario alla società attuale
 - La carta è sinonimo di burocrazia



ideas paper

PR activities

Assocarta per la scuola:

Per una migliore conoscenza dell'industria e del prodotto cartario, Assocarta ha deciso di arricchire la propria offerta formativa per spiegare alle varie esigenze delle realtà scolastiche e, nel contempo, di dare un piccolo riconoscimento ai progetti sviluppati dall'aula degli stessi.

L'offerta formativa complessiva si struttura in quattro punti:

KIT DI ASSOCARTA

All'interno del kit si possono trovare:

- un volume a sfiorare per inquadrare il processo produttivo della carta e la sua dimensione industriale ed economica;
- un campionario di carte e cartoni, scelti tenendo conto del vissuto dei ragazzi;
- una dispensa contenente otto proposte operative per i docenti per scoprire e rendere comprensibili le valenze formative del kit.

Scarica il PDF del volume "Atta scoperta del pianeta Carta" [Atta-scoperta-del-pianeta-carta.pdf](#) (380 KB)

Visiona l'anteprima del "Campionario di carte e cartoni" Scarica il PDF della dispensa "Situazioni formative" [Situazioni-formative.pdf](#) (820 KB)

PERCORSI DIDATTICI
I percorsi sono pensati secondo il modello della programmazione di corsi di realtà. Per incentivare la produttività dei gruppi di lavoro, tutte le classi che firmano per inviare ad Assocarta i lavori realizzati con l'aiuto del kit verranno motivate:

- un "attestato" di riconoscimento per l'aspirante studente;
- una dotazione di carta per fotocopie offerta;
- un elenco universale;
- un segnalibro;
- un additivo di certificazione del lavoro svolto.



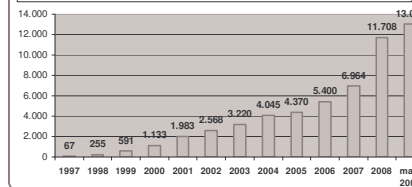
Per condividere proposte di percorsi formativi ed interattivi con gli insegnanti che intendono (o hanno già fatto) lavorare con il kit scuola o con gli esperti della Commissione Scuola Assocarta, è disponibile un Form di disposizione. Compila il form per inviare la tua domanda ai tuoi contatti.

Compila il form per inviare la tua domanda ai tuoi contatti.

Chiedi il kit scuola utilizzando l'apposito modulo d'ordine [Modello-ordineKIT.doc](#) (24 KB)

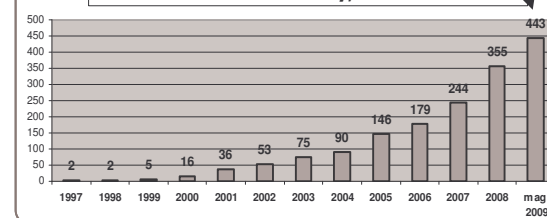
http://www.assocartait/files/Luoghi_Comuni_2009.pdf

CoC FSC certificates; 1997-2009

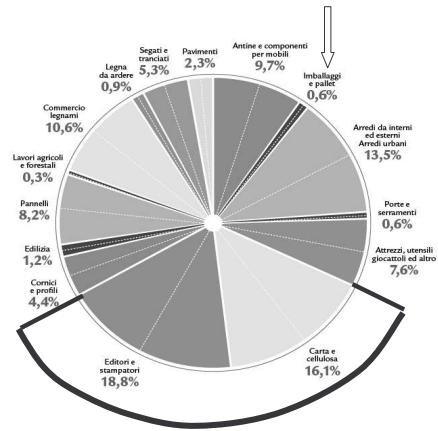


88 new in the first 5 months of 2009

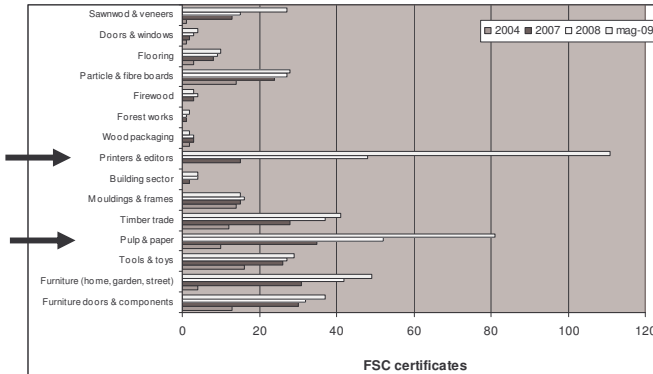
CoC FSC certificates in Italy; 1997-2009



■ FSC CoC certificates (443; 35.5% in the P&P)



Similar trends with PEFC (183 CoC certificates)



Increasing the domestic supply of raw material

International Poplar Commission

The International Poplar Commission (IPC), one of FAO technical advisory bodies on forests, aims to promote the cultivation, conservation and utilization of members of the family Salicaceae, which includes poplars and willows.

Native to the temperate and subtropical zones, trees and shrubs of Salicaceae are fast-growing, easy to propagate, vegetative, and highly adaptable to a wide range of climatic and soil conditions. These characteristics, combined with the wide range of wood fibre, fuelwood and other forest products and services they provide, have led to the widespread use of poplars and willows around the world. Traditionally used in forestry and integrated with agricultural systems, they are more recently being used as renewable energy sources and for soil remediation in contaminated sites.

Established in 1947 by nine countries, the IPC now comprises 37 member countries including developing and developed countries and countries with economies in transition. The IPC has had an important role in the development of national forest sector targets through the preparation of technical notes and the exchange of ideas and breeding material. It is the only forum that brings together managers, users and researchers of poplars and willows to discuss topics of common interest in a cross-disciplinary way.

The IPC carries out its mandate by supporting research and management activities through its working parties, networking and utilization, disease, insect pests, genetics, conservation and improvement, production systems and environmental applications - that explore issues of concern to member countries.

Upcoming meetings

- Fifth International Poplar Symposium (IPS-V)
- IPRO: Agricultural Research Council of Italy (ICRA), CNR - Institute of Forest and Environmental Biology, University of Tuscan, Department of Forest Resources and Environmental Sciences (Lecce) 20-22 September 2010, 22 September 2010
- 4th General Assembly of the Commission
- 14th General Assembly of Pro-Populus
- Progetto Pro-Populus e Pro-Propicatura in Italia

PRO-POPULUS project

4. Conclusions

- Severe impacts of economic crises on the P&P industry
- Negative trends are exacerbated by some special features of Italian P&P sector (export oriented production, weak internal demand, energy costs, lack of domestic production of raw material, ...)
- Negative short term prospects, but with some weak signal of future demand increase

The road towards
a full recovery
is still long ...



Main sources of information

- Assocarta Le attività di Assocarta nel 2007
Edizione Tecniche Nuove
http://www.assocartait.it/assocarta/AttivitaAssocarta_2008pdf
- Assocarta 2008 Rapporto Ambientale 2008
Edizione Tecniche Nuove
http://www.assocartait.it/assocarta/RapportoAmbientale_2008pdf
- IPI L'industria della carta e del cartone www.riidit.it/documenti/Cartapdf
- Gruppo di Lavoro Nazionale APAT-ARPA Analisi ambientale per comparto
produttivo; APAT. 2003 http://www.apat.gov.it/site/_files/Industria_Cartariapdf