



# Paper Packaging Monitor Europe

A Monthly Monitor of the  
European Paper Packaging Markets

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- *Western European containerboard prices stabilized last month. Although we underestimated the true upturn in containerboard demand for the third quarter of 2009, our forecast over the medium term remains unchanged. Market fundamentals should help producers increase their prices, albeit at a slower rate than during the last quarter of 2009.*
- *Over the medium term, we still question the ability of the recycled containerboard industry to maintain the healthy profit margins registered during the fourth quarter of 2009 as new low cost capacity is slated to enter the Western European containerboard market.*
- *On the kraftliner side, we foresee prices continuing to increase from the beginning of 2010 in the face of robust improvement on the demand side. After reaching the lowest levels since the second quarter of 2008 during the fourth quarter of 2009, the price differential between kraftliner and testliner should increase in the first half of this year and reach historical ranges in the second half of 2010 into 2011.*
- *On the cartonboard side, prices remained stable in all European markets despite the reportedly improved demand situation over the last three months. We expect prices to rebound from the beginning of 2010 in the light of efforts by producers to lift their prices on the back of improved demand.*

## Economic Outlook

Our macroeconomic forecast shows euro area real GDP growth will reach 1.0% in the fourth quarter of 2009 and slow to 0.5% in the first quarter of 2010. For 2010 as a whole, we still expect the region to grow by just 1.0% and by 2.0% in 2011.

Industrial output in the euro zone slipped back in October and that will likely limit the sector's growth in the final quarter of this year. On a month-over-month basis, euro area industrial output fell by 0.6% led by a 1.8% decline in Germany. From a year ago, industrial output is still down by over 10%. Our forecast shows the euro area industrial sector's output will expand by just 3.1% in fourth quarter of 2009 and grow by only 2.0% in 2010 as a whole. In 2011, we expect industrial production to grow by a healthier 3.1% rate.

The euro entered December at \$1.50 and has since eased to \$1.45. Indeed, euro area economic growth is expected to be even weaker than that of the US during the recovery and the boost of optimism that resulted from Germany and France exiting recession before the US in the second quarter of 2009 is wearing off. Our forecast for the euro shows the currency will correct further in early 2010 and average \$1.44 in the first quarter of 2010 and \$1.42 for 2010 before slipping further to \$1.39 next year as a whole.

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## Western European Corrugated Boxes and Containerboard

### Current Conditions

Except semi-chemical medium, all Western European containerboard prices finally stabilized during the last month as the economy entered into its seasonal slowdown. Semi-chemical prices increased because they are catching up with recycled prices. December testliner 2 prices are about 5% higher than year-ago levels, while kraftliner prices are 14% below year-ago levels in Western Europe. At the same time, domestic Western European prices for recycled grades reached above levels registered in other world markets, while Western European kraftliner prices are still below prices in exports markets (for instance, in the USA).

**Figure 1**  
**Box Shipments Relative to Industrial Production Index**  
Million Square Meters/Index Unit, 2005=1.0

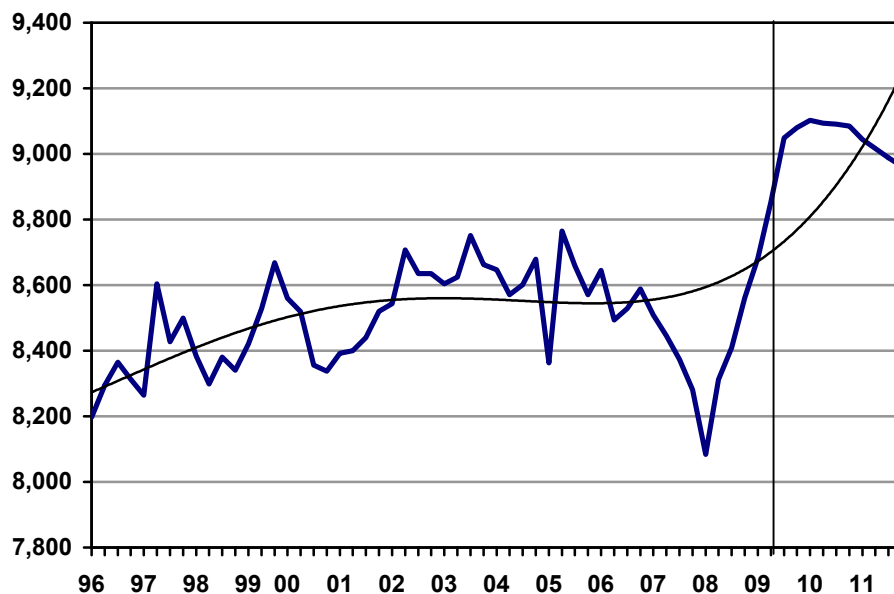
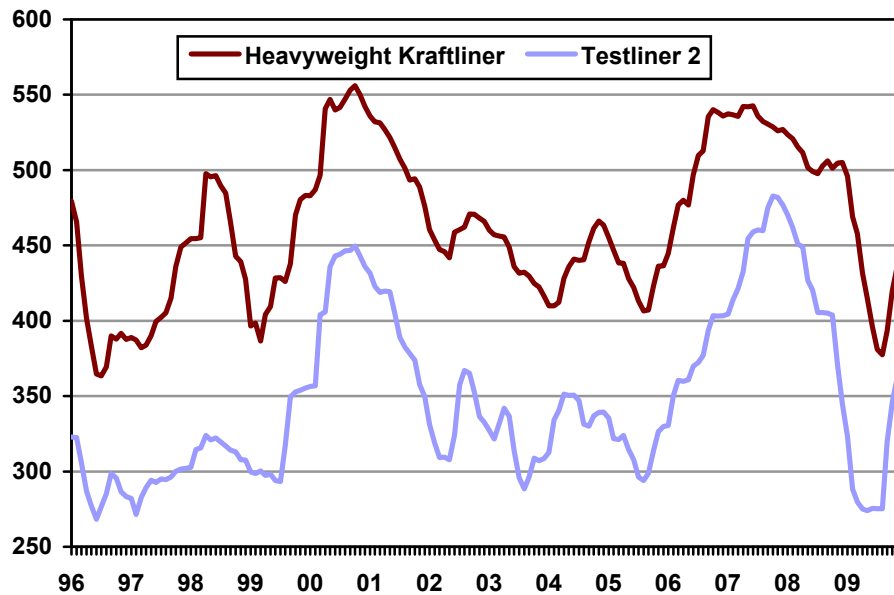


Figure 2  
Free Delivered Linerboard Prices  
Euros/Tonne

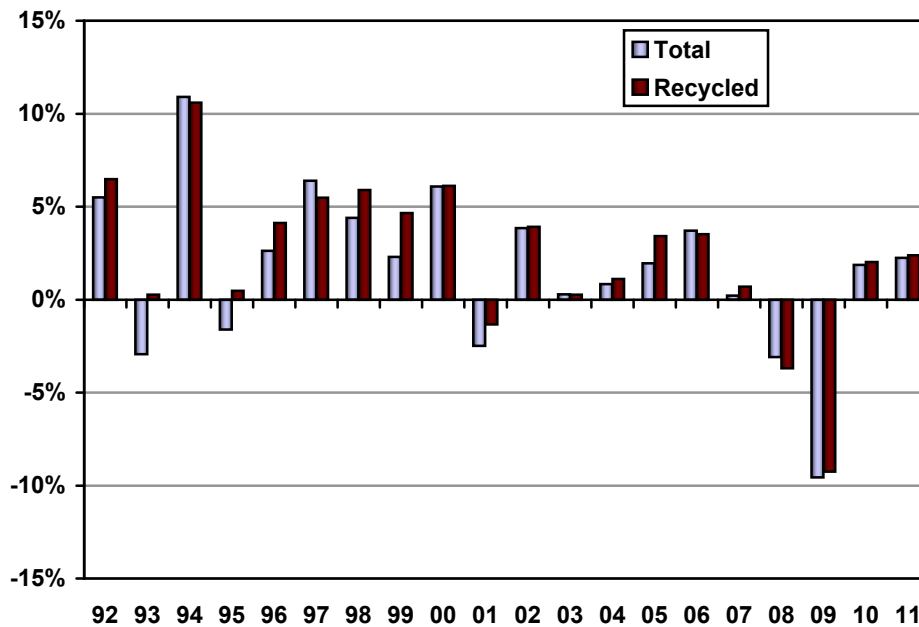


### Near-Term Outlook

Preliminary statistical data indicate that we underestimated the upturn in demand in the corrugated box and containerboard industries during the third quarter of 2009. Indeed, corrugated box shipments registered a healthy growth of 2.3%, while containerboard demand increased by about 8% during that quarter. However, we still believe that the sharp rebound in containerboard demand is driven both by true demand for containerboard and by some inventory shifts throughout the industrial sector following the broad inventory liquidation during the first half of 2009.

A sharper than expected increase in containerboard demand led us to revise our demand growth projection for corrugated boxes down slightly from the fourth quarter of 2009 through the second quarter of 2010 relative to our previous issue of the *Paper Packaging Monitor Europe*. We believe that on top of slowing growth in industrial production, the effects of inventory rebuilding during the third quarter should moderate some growth in corrugated box shipments during the fourth quarter of 2009 into 2010. This should translate into lower projections for containerboard demand during this period. For the whole year of 2009, our estimates show that both corrugated box shipments and containerboard demand should contract by 9.5%. In 2010-2011, improving economic conditions should help demand for corrugated boxes and containerboard to grow by 2.6% and 2.1%, respectively. However, we continue to show that neither corrugated box shipments nor containerboard demand is expected to reach pre-crisis levels by the end of 2011.

**Figure 3**  
**Western European Containerboard Demand Growth**  
 Annual Percent Change

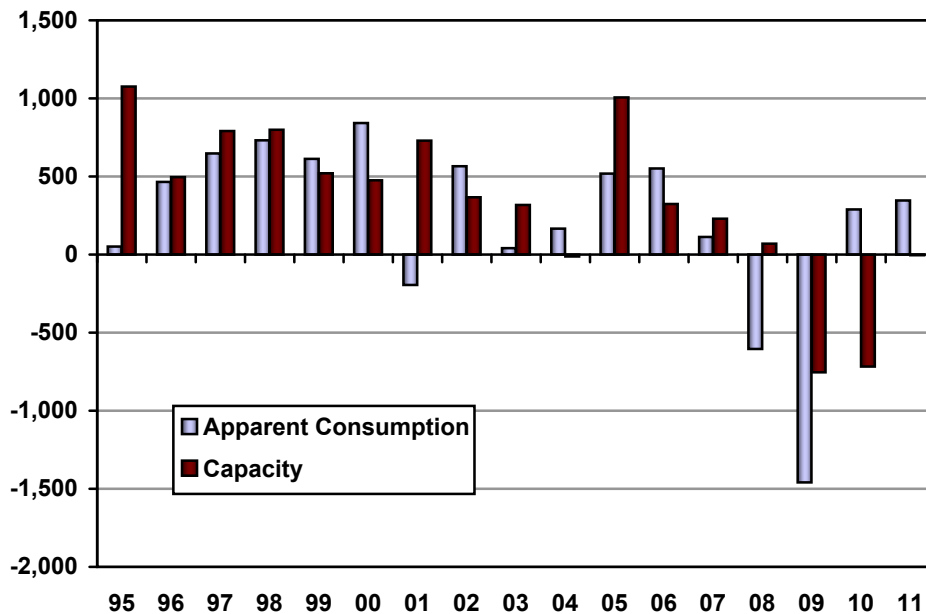


On the trade side, preliminary data shows net exports of recycled containerboard peaking during the third quarter of 2009. We have slightly lifted net exports of recycled containerboard from Western Europe over the medium term. We now show Western European net exports of recycled declining from the fourth quarter of 2009 through 2011 as increasing capacity in importing regions of Western European board (Eastern Europe, the Middle East and Africa) should displace some tonnage from Western Europe. For kraftliner, preliminary data indicate that we underestimated the decline in net imports of kraftliner into Western Europe during the third quarter. The Western European market was not attractive for overseas suppliers throughout 2009 given weak demand coupled with low testliner prices. Thus, we have revised kraftliner net imports into Western Europe further down through the major part of this year and show the same projection from the latter part of 2010 into 2011 as in our previous issue of the *Paper Packaging Monitor Europe*. We still show net imports declining through the end of 2009 as domestic Western European prices catch up with export prices before picking up from the middle of 2010 into 2011.

Our price projection remains unchanged relative to the previous issue. After increasing by Euro 65/tonne during the fourth quarter of 2009, recycled containerboard prices in Western Europe should be increasing at a much slower pace in 2010-2011 due to the fading effects of inventory rebuilding on domestic demand and new capacity coming online this year. However, profit margins should start to decline in the second half of 2010 into 2011 as the market feels the full effects of new capacity in both the domestic Western European and traditional export markets. Under these conditions, we remain cautious regarding the ability of recycled containerboard producers to fully cover the increasing production costs in 2010-2011.

We continue to underline the downside risk to our price forecast. Announced permanent capacity closures for 2009 total about 1 million tonnes of recycled containerboard in Western Europe, with no permanent capacity

**Figure 4**  
**Change in Western European Recycled Containerboard**  
**Demand and Capacity**  
 Thousand Tonnes



closure announcements for 2010 or beyond. However, we assume that an additional 1.2-1.9 million tonnes of capacity should leave the market during 2010-2011. The removal of this amount of capacity appears inevitable and should support our price forecast during this period.

On the kraftliner side, we assume that the rate of price increase should slow down in the beginning of 2010 and then accelerate from the second quarter of the year. If prices increase more rapidly than we currently assume in the first half of 2010, then this will likely attract more tonnage from overseas markets into Western Europe. This coupled with the current strength of the euro may put downward pressure on prices with imports gaining more share in the Western European domestic market. Indeed, continuing low operating rates in 2010, along with renewed pressure from imports, will likely limit kraftliner producers from significantly increasing their prices throughout 2010.

The price differential between kraftliner and testliner reached Euro 74/tonne in the fourth quarter of 2009, the lowest level since the second quarter of 2008, due to a higher rate of price increase on the testliner side from the end of the third quarter of 2009. Toward the middle part of this year, the price differential should reach historical ranges as kraftliner prices are projected to increase at higher rate than testliner. Indeed, we continue to assume that kraftliner prices in Western Europe should catch up with both year-ago levels and prices in export markets by the end of the second quarter of 2010.

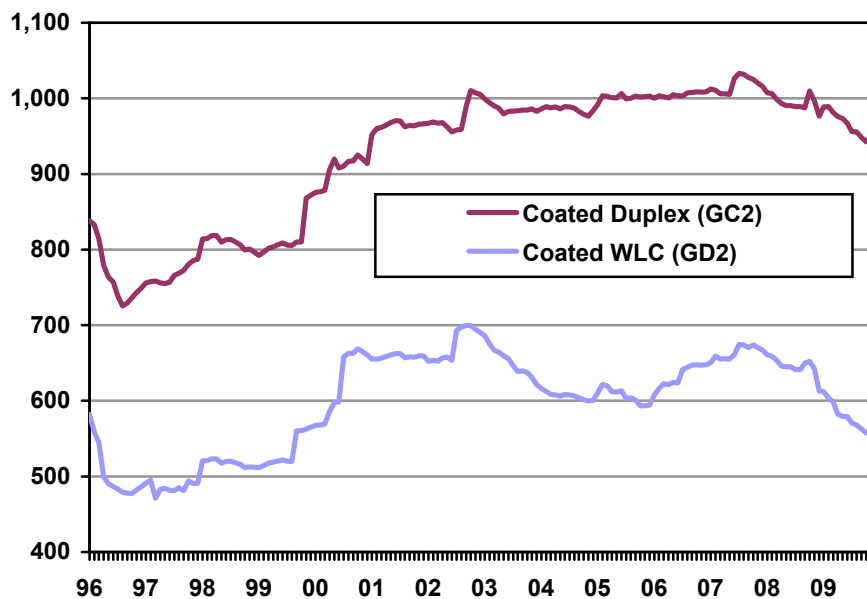
In 2011, prices for virgin based containerboard in Western Europe are expected to increase further in association with continuing growth in the industrial sector. Producers will be able to increase their prices faster than the increase in their production costs due to improving operating rates.

## Western European Cartonboard

### Current Conditions

Cartonboard prices remained largely stable in all major European markets due to seemingly ongoing weak demand in the industrial sector. In December, Free Delivered GC2 prices were about 3% lower, while Free Delivered GD2 prices were 9% lower from year-ago levels.

**Figure 5**  
**Free Delivered Transaction Cartonboard Prices**  
Euros/Tonne

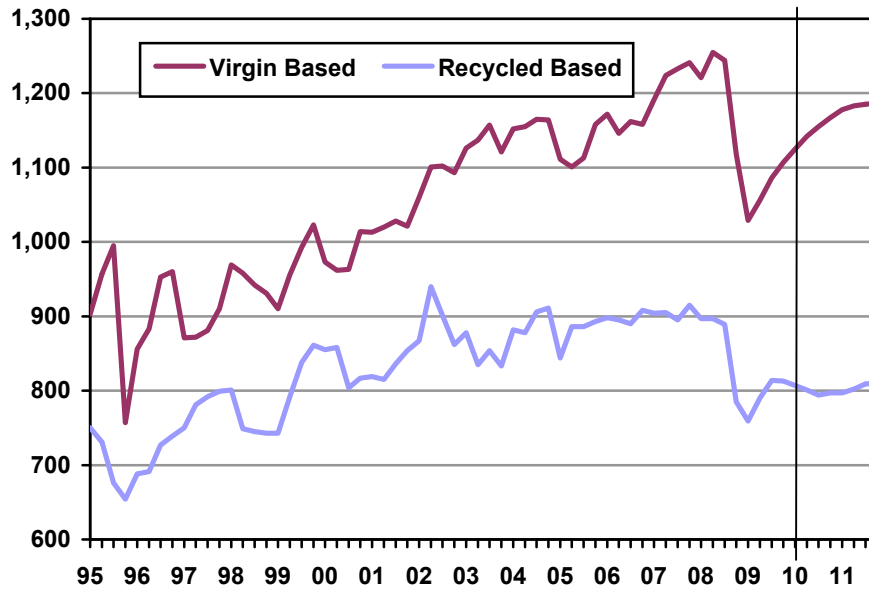


### Near-Term Outlook

Preliminary estimates show that cartonboard shipments continued to increase in the face of stabilization in cartonboard demand in the third quarter of 2009. Increasing export shipments are the main driver for total cartonboard shipments in Western Europe. Cartonboard operating rates continued to increase from the second quarter of 2009, but still remained below historical levels for the latter part of last year.

Our short-term forecast for the Western European cartonboard industry remains unchanged. Unlike containerboard, the rate of inventory drawdown in the cartonboard sector has been very low, and we still assume that the initiation of inventory rebuilding that began throughout the supply chain sometime in the middle part of the third quarter should improve demand in the second half of 2009 into 2010. Ongoing inventory rebuilding in 2010-2011, coupled with an improving economy, should lead to further growth in cartonboard demand. However, demand is still expected to be well below 2008 levels.

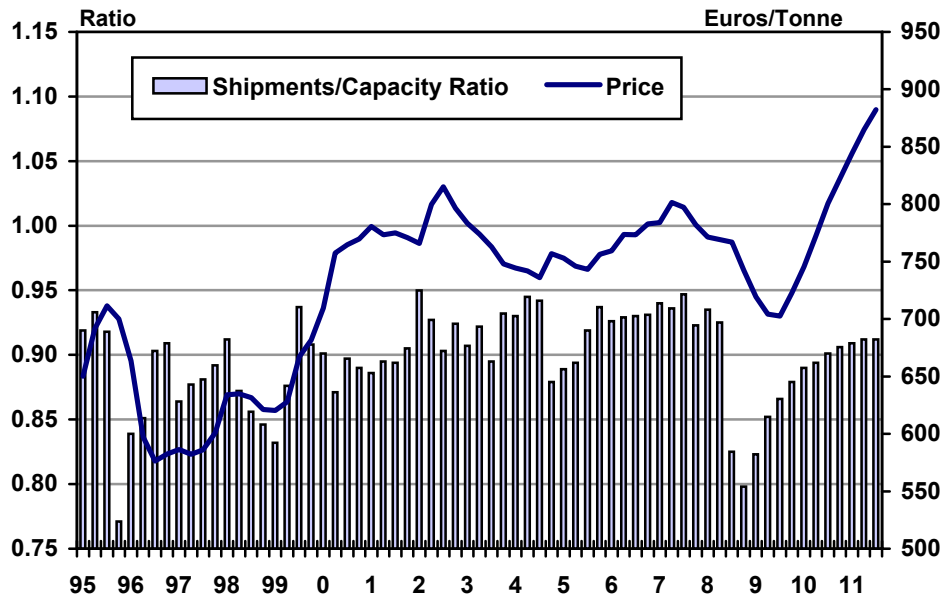
**Figure 6**  
**Western European Cartonboard Shipments**  
 Thousand Tonnes, Seasonally Adjusted



On the trade side, we lifted our projection of cartonboard net exports from the fourth quarter of 2009 through the second quarter of 2010 relative to our previous issue of the *Paper Packaging Monitor Europe* essentially due to higher than expected net exports of recycled cartonboard from Western Europe during the third quarter of 2009. We continue to show that exports of recycled from Western Europe are declining given the continuing high value of the euro and increasing competition from overseas producers. In the folding boxboard market, Western European suppliers continue to face severe competition in international markets, especially from South American producers. We show net exports increasing from the third quarter of 2009 through 2010, before remaining flat in 2011.

Operating rates for the folding boxboard industry should improve sharply to reach an average of 93% during 2010-2011 given the permanent capacity withdrawals from the beginning of this year. As for recycled cartonboard, operating rates are expected to remain at historically low levels during 2010-2011 as producers, unlike their virgin based counterparts, seem to prefer to take temporary downtime rather than permanently reduce capacity to bring down the existing gap between supply and demand.

**Figure 7**  
**Western European Average Cartonboard Transaction Price (Euros/Tonne) and Shipments to Capacity Ratio**



On the pricing front, we still show that prices should rebound from the first quarter of 2010, once demand continues upward again and operating rates firm. Production costs should also resume an upward path at this time, with recovered paper leading the way. Initially, recycled board producers will see their margins remain flat as they start to boost their prices to cover increasing recovered paper costs. Virgin board producers, on the other hand, should see their margins improve as soon as prices start to rise.

Prices should continue moving up in the second half of 2010 into 2011 as markets are forecast to remain favorable. Higher costs will also be a factor driving price increases, with recycled board producers being subjected to the most pressure as a result of rising recovered paper costs. Solid demand growth, combined with proactive capacity management, should allow virgin producers to boost their profit margins even as their costs rise. We foresee virgin board prices being nearly Euro 130/tonne higher in 2011 than in 2008, with profit margins also higher than their 2008 average. Recycled board prices are predicted to be Euro 50/tonne higher in 2011 than in 2008, with margins returning to their 2008 average.

**Table 1**  
**Western European Containerboard Monthly Price Summary**  
 Euros Per Tonne

	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sep 2009	Oct 2009	Nov 2009	Dec 2009
<b>175 GSM Unbleached Kraftliner:</b>													
<b>European Suppliers</b>													
Free Delivered Price	505	496	469	458	432	415	396	381	377	393	420	436	437
%CHYA	-4.2	-5.3	-10.0	-11.2	-15.6	-17.3	-20.7	-23.4	-24.9	-22.3	-16.2	-13.7	-13.4
<b>150 GSM Unbleached Kraftliner:</b>													
Free Delivered Price	519	510	483	472	446	429	410	395	391	407	434	449	450
%CHYA	-4.0	-5.1	-9.7	-10.8	-15.1	-16.8	-20.1	-22.8	-24.2	-21.7	-16.7	-14.4	-13.2
<b>125 GSM Unbleached Kraftliner:</b>													
Free Delivered Price	532	523	496	485	459	442	423	408	404	420	447	462	464
%CHYA	-3.9	-4.9	-9.4	-10.5	-14.7	-16.4	-19.6	-22.2	-23.6	-21.2	-16.4	-14.0	-12.8
<b>Semichemical Medium:</b>													
Free Delivered Price	492	492	491	478	478	479	469	456	456	453	451	452	477
%CHYA	-4.0	-3.4	-3.4	-5.5	-4.9	-5.3	-7.8	-10.0	-9.9	-10.1	-10.8	-9.6	-3.1
<b>Testliner 2:</b>													
Free Delivered Price	345	323	288	280	275	274	276	275	275	320	346	362	362
%CHYA	-27.6	-31.2	-37.6	-37.9	-38.8	-35.8	-34.4	-32.1	-32.1	-21.0	-14.3	-2.4	4.9
<b>Testliner 3:</b>													
Free Delivered Price	324	304	269	261	256	253	255	254	254	299	325	341	341
%CHYA	-29.1	-32.4	-39.0	-39.4	-40.3	-37.7	-36.4	-34.1	-34.1	-22.4	-15.3	-5.0	5.3
<b>Recycled Medium:</b>													
Free Delivered Price	312	289	251	243	239	237	238	240	239	283	310	329	328
%CHYA	-29.3	-33.3	-40.8	-40.9	-41.8	-39.2	-38	-35	-35	-23.1	-15.2	-7.8	5.4
<b>Coated Duplex: GC2</b>													
Free Delivered Price	977	989	989	981	976	974	967	956	956	948	942	949	949
%CHYA	-3.9	-1.8	-1.7	-1.8	-1.8	-1.7	-2.4	-3.3	-3.4	-4.0	-6.7	-4.7	-2.8
<b>Coated White Lined Chipboard: GD2</b>													
Free Delivered Price	613	612	604	599	583	579	579	571	568	563	557	559	559
%CHYA	-8.1	-7.4	-8.3	-8.4	-9.8	-10.2	-10.2	-11	-11.5	-13.4	-14.5	-13.0	-8.8
\$/Euro Exchange Rate	1.35	1.32	1.28	1.30	1.32	1.36	1.40	1.41	1.43	1.46	1.48	1.49	1.46

\* Average of prices in Germany, France, Italy and the U.K.

**Table 2**  
**Western European Containerboard Imports**  
Thousand Tonnes

	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sept 2009
<b>Unbleached Kraftliner Imports from:</b>													
North America	61.9	60.8	48.1	41.4	50.5	43.1	37.8	39.0	43.4	36.1	32.7	37.4	35.4
Eastern Europe	57.7	46.9	43.1	42.6	38.3	38.6	41.5	43.0	39.7	46.2	37.6	41.1	41.6
Latin America	5.6	3.9	6.3	9.8	9.2	19.3	6.6	12.3	6.4	6.8	6.5	6.5	6.6
Middle East	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Africa	8.4	14.6	11.9	11.3	15.2	18.2	15.7	17.4	7.5	14.6	12.9	11.7	13.1
Far East/Oceania	1.9	1.7	2.2	2.1	3.0	3.7	4.4	3.6	2.3	6.6	3.9	4.3	4.9
Total	135.5	127.9	111.6	107.2	116.3	123.0	105.9	115.3	99.2	110.2	93.7	101.0	101.6
<b>Recycled Linerboard Imports from:</b>													
North America	0.6	0.1	0.1	0.3	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Eastern Europe	3.3	5.4	3.0	3.1	8.7	5.3	6.0	7.8	6.0	8.9	10.3	8.4	9.2
Latin America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Middle East	0.9	1.0	1.1	0.4	0.6	0.3	0.9	0.5	0.7	1.0	1.2	1.0	1.0
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East/Oceania	0.0	0.1	1.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	4.9	6.6	5.6	3.8	9.4	5.6	7.5	8.3	6.7	9.9	11.5	9.4	10.3
<b>Semichemical Medium Imports from:</b>													
North America	0.5	1.0	1.1	0.3	0.5	0.0	0.3	0.6	0.0	0.6	0.0	0.2	0.3
Eastern Europe	28.9	17.7	23.0	17.3	19.3	21.6	20.0	19.5	16.0	22.2	21.6	19.9	21.2
Latin America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Middle East	0.3	1.6	2.8	3.5	2.4	2.4	3.2	0.4	1.8	2.2	1.1	1.7	1.6
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East/Oceania	0.5	1.0	1.1	0.3	0.5	0.0	0.3	0.6	0.0	0.6	0.0	0.2	0.3
Total	30.2	21.3	28.1	21.5	22.6	24.0	23.7	21.1	17.7	25.6	22.7	22.0	23.4
<b>Recycled Medium Imports from:</b>													
North America	0.4	0.3	0.1	0.1	0.3	0.3	0.5	0.2	0.2	0.0	0.1	0.1	0.1
Eastern Europe	9.5	9.1	9.9	6.5	10.8	9.7	10.3	10.1	9.5	11.9	10.8	10.8	11.2
Latin America	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Middle East	3.7	4.2	6.1	0.3	0.5	0.6	0.5	0.3	0.4	0.5	2.2	1.0	1.2
Africa	0.0	0.3	0.0	0.3	0.3	0.1	0.2	0.2	0.0	0.2	0.3	0.2	0.2
Far East/Oceania	0.4	0.5	0.8	0.1	0.4	0.1	0.3	0.2	0.2	0.1	0.2	0.2	0.2
Total	14.1	14.5	17.0	7.4	12.3	10.8	11.9	10.9	10.4	12.8	13.6	12.3	12.9
<b>Total Containerboard Imports from:</b>													
North America	63.4	62.3	49.4	42.1	51.2	43.5	39.2	39.7	43.6	36.7	32.8	37.7	35.7
Eastern Europe	99.4	79.1	79.0	69.5	77.1	75.2	77.8	80.4	71.2	89.2	80.3	80.2	83.2
Latin America	5.6	3.9	6.3	9.8	9.3	19.3	6.6	12.3	6.4	6.8	6.5	6.5	6.6
Middle East	5.0	6.9	10.1	4.3	3.5	3.3	4.6	1.2	2.9	3.7	4.5	3.7	4.0
Africa	8.5	14.9	11.9	11.6	15.5	18.3	15.9	17.6	7.5	14.9	13.2	11.8	13.3
Far East/Oceania	2.8	3.3	5.5	2.6	4.0	3.9	5.0	4.4	2.5	7.3	4.1	4.7	5.4
Total	184.6	170.3	162.3	139.8	160.5	163.4	149.0	155.6	134.0	158.6	141.4	144.7	148.2

**Table 3**  
**Western European Containerboard Exports**  
 Thousand Tonnes

	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sept 2009
<b>Unbleached Kraftliner Exports to:</b>													
North America	0.6	0.7	0.1	0.4	0.2	0.3	0.8	0.6	0.5	1.0	0.5	0.7	0.7
Eastern Europe	19.1	17.8	13.5	9.1	14.4	15.3	13.5	11.7	11.1	12.6	14.7	12.8	13.4
Latin America	0.7	1.9	1.6	10.2	3.9	3.6	1.7	2.2	2.0	1.0	1.5	1.5	1.3
Middle East	15.3	12.8	10.5	10.3	9.6	10.5	6.5	11.0	6.7	9.3	11.7	9.2	10.1
Africa	10.0	10.9	6.7	15.1	6.9	7.1	10.6	16.5	9.5	11.7	5.7	8.9	8.8
Far East/Oceania	8.2	7.8	4.8	7.0	8.0	8.1	9.4	10.2	12.8	13.2	17.0	14.4	14.9
Total	53.9	51.9	37.2	52.1	43.1	44.9	42.5	52.3	42.6	48.8	51.2	47.5	49.2
<b>Recycled Linerboard Exports to:</b>													
North America	0.9	0.3	2.8	4.1	1.6	2.2	1.0	3.2	2.2	1.2	3.6	2.3	2.4
Eastern Europe	59.1	62.5	50.9	41.0	55.4	52.7	59.9	56.5	60.6	62.6	66.0	63.1	63.9
Latin America	0.7	0.9	2.5	4.3	2.7	1.0	1.1	1.3	3.0	2.1	1.7	2.3	2.0
Middle East	22.0	15.6	12.5	15.8	10.3	15.1	14.4	9.9	17.3	15.6	23.8	18.9	19.5
Africa	12.1	10.8	5.8	8.3	5.7	9.1	13.3	10.4	8.0	7.2	7.7	7.6	7.5
Far East/Oceania	2.4	7.0	3.2	3.5	4.6	7.3	5.5	4.1	5.0	5.3	6.1	5.5	5.6
Total	97.3	97.1	77.7	77.0	80.3	87.5	95.2	85.3	96.3	94.0	109.0	99.7	100.9
<b>Semichemical Medium Exports to:</b>													
North America	0.5	0.1	0.7	0.1	0.4	0.4	0.7	2.5	2.0	0.0	1.4	1.1	0.9
Eastern Europe	2.3	2.7	2.7	2.3	2.7	3.0	1.7	1.4	1.2	1.6	2.0	1.6	1.7
Latin America	2.8	2.2	2.2	4.3	3.5	1.4	1.3	1.5	2.4	0.8	3.4	2.2	2.1
Middle East	3.9	3.4	3.0	3.1	1.5	4.6	2.5	2.4	2.8	1.9	4.0	2.9	2.9
Africa	9.9	7.2	4.7	3.8	8.6	4.5	7.4	2.7	6.4	2.4	7.4	5.4	5.0
Far East/Oceania	10.9	6.1	6.4	2.9	5.8	7.6	4.9	6.2	7.2	8.3	7.3	7.6	7.7
Total	30.3	21.6	19.7	16.5	22.6	21.5	18.5	16.6	21.8	14.9	25.5	20.7	20.4
<b>Recycled Medium Exports to:</b>													
North America	2.6	2.5	2.3	2.6	1.3	3.8	3.0	2.1	2.4	1.3	2.4	2.0	1.9
Eastern Europe	59.5	58.8	45.6	32.3	54.1	55.6	53.8	48.6	53.3	57.8	55.9	55.7	56.4
Latin America	1.2	3.1	1.3	2.6	1.2	2.2	1.3	2.0	2.1	1.8	2.7	2.2	2.2
Middle East	23.0	27.8	18.5	15.5	12.7	11.3	13.5	15.2	25.0	24.0	20.3	23.1	22.4
Africa	11.4	16.8	10.1	13.8	6.7	8.1	13.6	13.9	10.4	12.1	10.8	11.1	11.3
Far East/Oceania	7.3	8.3	4.7	3.1	5.7	4.2	7.0	6.8	5.3	11.2	14.3	10.3	11.9
Total	105.0	117.3	82.5	69.9	81.7	85.2	92.1	88.6	98.4	108.2	106.4	104.3	106.3
<b>Total Containerboard Exports to:</b>													
North America	4.6	3.5	5.9	7.2	3.6	6.7	5.5	8.4	7.0	3.5	8.0	6.2	5.9
Eastern Europe	139.9	141.7	112.7	84.7	126.6	126.6	128.9	118.2	126.2	134.6	138.7	133.2	135.5
Latin America	5.4	8.2	7.5	21.5	11.3	8.2	5.4	7.0	9.4	5.7	9.3	8.1	7.7
Middle East	64.3	59.6	44.4	44.7	34.0	41.4	36.9	38.5	51.8	50.7	59.8	54.1	54.9
Africa	43.4	45.7	27.4	41.0	28.0	28.8	44.9	43.4	34.3	33.3	31.6	33.0	32.6
Far East/Oceania	28.9	29.2	19.1	16.5	24.2	27.3	26.8	27.3	30.3	38.1	44.7	37.7	40.2
Total	286.4	287.9	217.1	215.6	227.7	239.0	248.4	242.9	259.1	265.9	292.0	272.3	276.8

**Table 4**  
**Western European Cartonboard Imports**  
 Thousand Tonnes

	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sept 2009
<b>Folding Boxboard Imports from:</b>													
North America	0.3	0.4	0.1	0.2	0.1	0.1	0.5	0.1	0.3	0.1	0.4	0.3	0.2
Eastern Europe	7.0	6.5	5.0	3.9	6.1	6.5	7.4	7.0	7.2	7.3	9.6	8.0	8.3
Latin America	6.3	8.5	6.4	6.6	9.8	10.8	10.0	10.6	13.7	6.6	5.9	8.8	7.1
Middle East	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Africa	0.2	0.7	0.2	0.1	0.3	0.5	0.4	0.4	0.5	0.4	0.2	0.4	0.3
Far East/Oceania	1.6	1.2	1.3	0.9	1.7	1.4	2.1	4.4	2.4	2.4	2.7	2.5	2.5
Total	15.7	17.4	13.3	11.9	18.1	19.6	20.6	22.8	24.3	17.1	18.9	20.1	18.7
<b>Solid Bleached Sulphate Board Imports from:</b>													
North America	7.1	6.3	5.6	6.3	5.2	4.4	9.2	7.0	9.2	6.6	5.9	7.2	6.6
Eastern Europe	0.4	0.1	0.3	0.2	0.2	0.3	0.2	0.1	0.1	0.3	0.2	0.2	0.2
Latin America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Middle East	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East/Oceania	0.4	0.1	0.1	0.1	0.5	0.2	0.6	0.4	0.5	0.9	0.9	0.8	0.9
Total	7.9	6.6	6.1	6.7	6.0	4.8	10.1	7.5	9.9	7.7	7.0	8.2	7.7
<b>White Liner Chipboard Imports from:</b>													
North America	8.3	9.0	9.5	9.5	8.5	9.7	11.1	13.5	11.7	9.6	9.1	10.1	9.6
Eastern Europe	8.0	10.2	8.2	6.9	10.7	11.5	13.9	12.7	11.7	14.5	13.3	13.2	13.6
Latin America	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.2	0.2	0.1	0.3	0.2	0.2
Middle East	0.4	0.5	0.5	0.4	0.3	0.4	0.2	0.2	0.3	0.1	0.2	0.2	0.2
Africa	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Far East/Oceania	1.3	1.2	0.7	1.0	0.8	0.8	1.3	1.8	1.3	1.5	1.5	1.4	1.5
Total	18.0	20.9	19.0	17.9	20.3	22.4	26.7	28.3	25.2	25.8	24.4	25.1	25.1
<b>Other Cartonboard Imports from:</b>													
North America	26.1	26.8	21.9	19.4	22.4	22.5	27.2	36.4	35.3	32.3	27.9	31.8	30.7
Eastern Europe	6.9	9.0	7.3	5.9	7.0	6.7	8.5	8.8	7.7	8.8	7.8	8.1	8.3
Latin America	0.0	0.0	0.1	0.3	0.0	0.1	0.1	0.2	0.1	0.1	0.3	0.2	0.2
Middle East	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East/Oceania	1.9	1.6	1.2	1.7	1.0	1.3	1.5	1.1	1.7	1.5	1.0	1.4	1.3
Total	35.1	37.5	30.6	27.5	30.6	30.9	37.4	46.4	45.0	42.8	37.1	41.6	40.5
<b>Total Cartonboard Imports from:</b>													
North America	41.7	42.4	37.2	35.4	36.2	36.7	47.9	56.9	56.5	48.6	43.2	49.4	47.1
Eastern Europe	22.3	25.8	20.7	16.9	24.0	24.9	29.9	28.6	26.7	30.9	30.9	29.5	30.4
Latin America	6.4	8.5	6.5	7.0	9.8	11.0	10.3	10.9	14.1	6.8	6.5	9.1	7.5
Middle East	0.8	0.9	0.8	0.7	0.6	0.8	0.6	0.5	0.6	0.4	0.4	0.5	0.4
Africa	0.3	0.7	0.3	0.1	0.3	0.6	0.5	0.4	0.6	0.4	0.3	0.4	0.4
Far East/Oceania	5.2	4.1	3.4	3.8	4.1	3.8	5.5	7.6	5.8	6.3	6.1	6.1	6.2
Total	76.7	82.4	68.9	64.0	75.0	77.7	94.8	105.0	104.3	93.4	87.4	95.0	92.0

**Table 5**  
**Western European Cartonboard Exports**  
 Thousand Tonnes

	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sept 2009
<b>Folding Boxboard Exports to:</b>													
North America	7.6	7.1	6.1	3.9	2.0	1.1	2.5	3.7	2.6	2.6	5.5	3.6	3.9
Eastern Europe	54.6	53.0	40.3	28.8	34.6	33.5	34.0	39.6	38.9	38.8	38.5	38.8	38.7
Latin America	1.5	1.4	1.0	1.0	1.3	0.8	0.7	1.2	1.3	1.5	1.2	1.3	1.3
Middle East	19.4	16.5	14.7	14.0	8.9	11.2	12.1	12.5	14.8	15.8	20.5	17.0	17.8
Africa	9.8	6.7	8.8	7.7	6.5	8.0	7.7	8.4	6.0	5.0	7.8	6.3	6.4
Far East/Oceania	19.7	13.2	13.4	10.6	14.1	10.3	17.3	15.9	15.4	17.5	24.9	19.3	20.5
Total	112.6	97.9	84.3	66.1	67.4	64.9	74.3	81.4	79.0	81.2	98.5	86.2	88.6
<b>Solid Bleached Sulphate Board Exports to:</b>													
North America	0.0	0.1	0.0	0.0	0.6	0.1	0.0	0.0	0.0	0.2	0.0	0.1	0.1
Eastern Europe	1.1	0.8	0.6	0.8	0.5	0.4	0.5	0.5	0.5	0.7	0.5	0.5	0.6
Latin America	0.3	0.2	0.2	0.3	0.1	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Middle East	1.2	2.3	0.5	0.7	1.6	1.2	1.0	0.7	1.6	0.9	2.4	1.6	1.6
Africa	0.2	0.5	1.2	1.1	0.3	0.8	0.6	0.1	0.1	0.5	0.4	0.3	0.4
Far East/Oceania	4.0	2.8	1.4	3.4	2.9	3.6	4.2	4.5	3.6	4.0	4.2	3.9	4.0
Total	6.8	6.7	3.9	6.4	6.0	6.4	6.4	5.9	5.9	6.3	7.6	6.6	6.8
<b>White Liner Chipboard Exports to:</b>													
North America	10.6	13.2	10.0	8.5	7.2	8.5	10.6	8.4	11.0	10.5	11.4	11.0	10.9
Eastern Europe	45.9	52.1	44.4	41.5	36.3	38.4	46.9	42.8	39.3	38.9	48.7	42.3	43.3
Latin America	4.1	5.6	4.3	3.9	2.4	3.9	3.7	1.9	2.8	3.6	6.3	4.2	4.7
Middle East	18.4	14.5	12.9	12.9	14.0	11.8	15.2	18.5	15.6	13.2	16.9	15.2	15.1
Africa	7.0	9.6	5.0	8.0	5.9	6.3	5.4	6.4	5.7	7.2	8.5	7.1	7.6
Far East/Oceania	15.6	15.1	15.5	23.1	21.2	27.1	36.1	27.1	30.1	28.0	24.0	27.4	26.5
Total	101.6	110.2	92.1	97.9	87.0	96.1	118.0	105.1	104.5	101.5	115.8	107.3	108.2
<b>Other Cartonboard Exports to:</b>													
North America	9.3	9.2	8.3	6.0	6.2	6.7	9.1	7.0	9.5	8.5	8.6	8.9	8.6
Eastern Europe	22.4	25.0	20.1	19.6	17.1	18.1	20.7	20.6	19.2	20.7	20.3	20.1	20.4
Latin America	2.6	3.0	2.5	1.5	1.4	1.3	1.0	1.2	1.4	1.7	3.4	2.2	2.4
Middle East	6.6	8.7	6.5	5.1	4.1	5.2	5.4	5.2	4.9	6.0	6.8	5.9	6.3
Africa	4.9	7.6	3.5	5.7	4.8	4.8	4.2	4.5	4.6	6.3	5.8	5.6	5.9
Far East/Oceania	14.1	12.1	10.1	13.4	8.0	10.6	15.2	13.5	14.7	15.5	16.9	15.7	16.0
Total	60.0	65.6	51.1	51.5	41.5	46.8	55.6	52.1	54.4	58.7	61.9	58.3	59.6
<b>Total Cartonboard Exports to:</b>													
North America	27.6	29.6	24.4	18.5	15.9	16.5	22.3	19.1	23.1	21.8	25.5	23.5	23.6
Eastern Europe	123.9	131.0	105.4	90.8	88.5	90.5	102.0	103.5	97.9	99.1	108.0	101.7	103.0
Latin America	8.5	10.3	8.0	6.8	5.2	6.2	5.5	4.4	5.6	6.8	11.1	7.9	8.6
Middle East	45.7	41.9	34.7	32.8	28.7	29.5	33.7	36.9	36.8	36.0	46.6	39.8	40.8
Africa	21.8	24.3	18.5	22.5	17.5	19.9	17.9	19.5	16.5	19.0	22.5	19.3	20.3
Far East/Oceania	53.4	43.2	40.4	50.6	46.1	51.6	72.9	61.0	63.8	65.0	69.9	66.2	67.1
Total	281.0	280.3	231.3	221.9	201.9	214.1	254.3	244.4	243.8	247.7	283.7	258.4	263.3

**Table 6**  
**Western European Corrugated Box and Containerboard Forecast**

	09:I	09:II	09:III	09:IV	010:I	010:II	010:III	010:IV	2008	2009	2010	2011
<b>WESTERN EUROPEAN CORRUGATED BOXES</b>												
Industrial Prod. Index	0.902	0.893	0.912	0.919	0.924	0.928	0.934	0.942	1.062	0.906	0.932	0.961
%CH	-31.0	-4.1	9.0	3.1	2.2	1.7	2.6	3.5	-2.0	-14.6	2.0	3.1
Total Shipments												
Billion Square Meters	7.95	7.88	8.05	8.10	8.15	8.17	8.22	8.29	35.39	31.98	32.83	33.62
%CH	-22.7	-3.5	9.3	2.4	2.2	1.2	2.6	3.2	-2.8	-9.6	2.7	2.4
Box Price												
Euros/Thousand Square Meters	493	472	443	426	446	474	495	512	520	458	482	535
%	-3.5	-4.3	-6.2	-3.8	4.7	6.4	4.3	3.6	5.1	-11.9	5.1	11.1
<b>WESTERN EUROPEAN CONTAINERBOARD (THOUSANDS OF TONNES, SEASONALLY ADJUSTED)</b>												
Consumption	4,853	4,805	4,904	4,925	4,942	4,957	4,979	5,019	21,107	19,487	19,898	20,323
%CH	-14.9	-3.9	8.5	1.7	1.5	1.2	1.8	3.2	-4.3	-7.7	2.1	2.1
App. Consumption	4,908	4,760	4,863	4,886	4,912	4,927	4,950	4,990	21,470	19,417	19,779	20,223
%CH	-15.0	-11.5	8.9	1.9	2.2	1.2	1.8	3.3	-3.1	-9.6	1.9	2.2
Kraftliner	1,057	1,005	1,021	1,037	1,040	1,044	1,049	1,057	4,621	4,120	4,189	4,260
Semichemical Medium	254	239	246	241	242	245	247	250	1,072	981	984	1,010
Recycled Containerboard	3,597	3,516	3,596	3,608	3,630	3,639	3,654	3,683	15,777	14,317	14,606	14,953
Net Imports*	-281	-303	-362	-356	-349	-271	-208	-171	-732	-1,303	-999	-590
Kraftliner	296	250	229	215	221	231	237	252	1,419	991	941	1,020
Semichemical Medium	19	3	7	5	4	3	4	6	-45	34	16	36
Recycled Containerboard	-521	-557	-598	-576	-574	-505	-449	-429	-2,106	-2,252	-1,957	-1,647
Total Production	5,113	5,064	5,225	5,242	5,261	5,198	5,158	5,161	22,201	20,644	20,779	20,813
%CH	-11.9	-3.8	13.4	1.3	1.5	-4.7	-3.1	0.3	-2.7	-7.0	0.7	0.2
Kraftliner	761	755	792	821	818	813	811	805	3,202	3,129	3,247	3,240
Semichemical Medium	235	236	239	236	239	242	243	244	1,117	946	968	973
Recycled Containerboard	4,118	4,073	4,194	4,184	4,204	4,144	4,103	4,112	17,883	16,568	16,564	16,600
Capacity	6,054	5,958	5,827	5,779	5,745	5,731	5,712	5,709	24,549	23,618	22,897	22,892
%CH	-3.9	-6.2	-8.5	-3.3	-2.3	-1.0	-1.3	-0.2	0.3	-3.8	-3.1	0.0
Operating Rate	84.5	85.0	89.7	90.7	91.6	90.7	90.3	90.4	90.4	87.5	90.7	90.9
Kraftliner	82.5	81.9	86.1	89.3	88.9	88.3	88.2	87.5	87.2	84.9	88.2	88.0
Semichemical Medium	90.3	90.7	92.0	91.0	91.9	93.0	93.6	93.8	90.5	91.0	93.1	93.6
Recycled Containerboard	84.5	85.3	90.2	91.0	92.1	91.1	90.5	90.8	91.0	87.8	91.1	91.3

\*Negative net imports represent net exports

%CH: quarter-over-quarter rate of change at an annual rate

%: quarter-over-quarter rate of change

**Table 7**  
**Western European Containerboard Price Forecast**  
 Euros Per Tonne

	09:I	09:II	09:III	09:IV	010:I	010:II	010:III	010:IV	2008	2009	2010	2011
<b>UNBLEACHED KRAFTLINER (175+ GSM)</b>												
European Suppliers												
CIF Price	452	394	363	411	430	457	484	491	488	405	466	520
%	-7.2	-12.8	-7.7	13.0	4.8	6.3	5.8	1.5	-5.1	-17.0	15.1	11.7
Avg. Total Cost	329	315	329	341	356	374	392	408	394	328	382	430
%	-9.5	-4.5	4.6	3.7	4.4	5.0	4.8	4.1	-0.5	-16.7	16.4	12.4
Price/Total Cost	1.37	1.25	1.10	1.20	1.21	1.22	1.24	1.20	1.24	1.23	1.22	1.21
Free Delivered	474	414	384	431	451	478	504	512	508	426	486	541
%	-6.0	-12.6	-7.3	12.3	4.6	6.0	5.6	1.5	-5.1	-16.1	14.2	11.2
<b>TESTLINER 2</b>												
Free Delivered	297	275	291	357	377	391	401	402	418	305	393	432
%	-20.4	-7.4	5.9	22.3	5.8	3.6	2.6	0.2	-7.5	-27.0	28.7	9.9
Avg. Total Cost	260	273	289	295	314	329	344	351	349	279	334	384
%	-10.2	5.1	6.0	2.2	6.4	4.5	4.8	1.8	4.1	-19.9	19.7	14.9
Price /Total Cost	1.14	1.01	1.01	1.21	1.20	1.19	1.16	1.15	1.20	1.09	1.17	1.12
\$/Euro Exchange Rate	1.30	1.37	1.43	1.47	1.44	1.41	1.42	1.41	1.47	1.39	1.42	1.39

%; quarter-over-quarter rate of change

**Table 8**  
**Western European Cartonboard Forecast**  
 Thousand Tonnes, Seasonally Adjusted

	09:I	09:II	09:III	09:IV	010:I	010:II	010:III	010:IV	2008	2009	2010	2011
Industrial Prod. Index	0.902	0.893	0.912	0.919	0.924	0.928	0.934	0.942	1.062	0.906	0.932	0.961
%CH	-31.0	-4.1	9.0	3.1	2.2	1.7	2.6	3.5	-2.0	-14.6	2.0	3.1
App. Consumption	1,434	1,403	1,408	1,418	1,427	1,438	1,448	1,462	6,346	5,663	5,775	5,946
%CH	-10.6	-8.3	1.4	2.8	2.8	3.0	2.7	4.2	-5.8	-10.8	2.0	2.9
Solid Bleached Sulphate	105	102	102	101	102	102	103	103	438	409	410	421
Folding Boxboard	363	347	345	351	357	360	360	366	1,585	1,407	1,443	1,494
White Lined Chipboard	643	628	626	626	625	626	629	635	2,783	2,522	2,514	2,595
Other Cartonboard	323	326	336	339	344	350	356	358	1,541	1,325	1,408	1,436
Net Exports*	354	442	492	503	505	506	502	502	1,960	1,791	2,014	2,006
Solid Bleached Sulphate	15	21	23	23	24	25	26	27	88	82	102	105
Folding Boxboard	124	145	156	170	180	191	193	194	808	595	759	799
White Lined Chipboard	116	162	188	187	183	175	166	162	686	654	686	624
Other Cartonboard	99	115	124	121	118	115	117	118	377	459	467	479
Total Shipments	1,788	1,846	1,900	1,920	1,932	1,944	1,949	1,964	8,307	7,454	7,789	7,951
%CH	-22.1	13.6	12.3	4.3	2.6	2.4	1.1	3.1	-2.4	-10.3	4.5	2.1
Solid Bleached Sulphate	119	123	125	125	126	127	129	130	526	491	512	526
Folding Boxboard	487	492	501	522	537	550	553	561	2,393	2,002	2,202	2,293
White Lined Chipboard	759	790	814	813	807	801	794	797	3,469	3,176	3,200	3,218
Other Cartonboard	422	441	460	461	462	465	472	477	1,919	1,784	1,876	1,914
Capacity	2,241	2,242	2,229	2,218	2,198	2,184	2,181	2,179	9,207	8,931	8,742	8,741
%CH	-10.9	0.1	-2.2	-1.9	-3.7	-2.5	-0.5	-0.5	1.6	-3.0	-2.1	0.0
Ship./Cap. Ratio %	79.8	82.3	85.2	86.6	87.9	89.0	89.4	90.1	90.2	83.5	89.1	91.0
Solid Bleached Sulphate	85.4	87.7	89.0	88.8	89.4	90.2	91.3	91.6	94.8	87.7	90.6	92.3
Folding Boxboard	78.6	78.7	79.6	82.8	86.6	89.2	90.0	91.5	90.3	79.9	89.3	92.3
White Lined Chipboard	79.7	83.2	87.6	88.4	88.7	89.0	88.3	88.5	90.0	84.7	88.6	89.4
Other Cartonboard	79.7	83.6	86.9	87.3	87.7	88.4	90.0	91.0	89.2	84.4	89.2	91.8

\*Negative net exports represent net imports

%CH: quarter-over-quarter rate of change at an annual rate

?: quarter-over-quarter rate of change

Note: Folding Boxboard includes GC1 and GC2 grades

White Lined Chipboard includes GD and GT grades

Other Cartonboard includes Liquid Packaging Board and Unbleached Cartonboard

**Table 9**  
**Western European Cartonboard Price Forecast**  
 Euros Per Tonne

	09:I	09:II	09:III	09:IV	010:I	010:II	010:III	010:IV	2008	2009	2010	2011
<b>VIRGIN-BASED COATED DUPLEX BOARD: GC2</b>												
Free Del. Transaction Price	986	971	952	947	971	990	1,021	1,053	995	964	1,009	1,124
%	-0.8	-1.6	-1.9	-0.5	2.4	2.0	3.1	3.1	-2.3	-3.1	4.6	11.4
Free Del. Net-Net. Price	863	840	828	829	854	876	909	943	886	840	896	1,017
%	-1.9	-2.7	-1.4	0.1	3.0	2.6	3.7	3.7	-4.6	-5.2	6.6	13.6
Avg. Total Cost	659	648	682	705	716	754	787	829	790	673	772	887
%	-11.2	-1.6	5.2	3.4	1.6	5.2	4.5	5.3	0.4	-14.8	14.6	15.0
Price/Total Cost	1.31	1.30	1.21	1.18	1.19	1.16	1.15	1.14	1.12	1.25	1.16	1.15
<b>RECYCLED COATED WHITE LINED CHIPBOARD: GD2</b>												
Free Del. Transaction Price	605	580	568	565	581	605	629	655	646	579	618	698
%	-4.9	-4.1	-2.1	-0.5	2.9	4.1	4.0	4.1	-2.7	-10.3	6.6	13.0
Free Del. Net-Net. Price	517	493	488	491	509	529	551	573	574	497	540	616
%	-7.1	-4.6	-1.0	0.7	3.5	4.1	4.0	4.1	-5.2	-13.3	8.6	14.0
Avg. Total Cost	455	466	481	486	503	517	532	538	536	472	522	568
%	-6.9	2.4	3.2	1.1	3.5	2.8	2.8	1.1	5.0	-11.9	10.7	8.7
Price/Total Cost	1.14	1.06	1.02	1.01	1.01	1.02	1.04	1.07	1.07	1.05	1.03	1.08
USD/Euro Exchange Rate	1.30	1.37	1.43	1.47	1.44	1.41	1.42	1.41	1.47	1.39	1.42	1.39

#: quarter-over-quarter rate of change

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