UTIPULP

BRUSSELS - OCTOBER 12th, 1993

GENERAL MEETING

MINUTES

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- ATTENDEES –

BELGIUM :

Mr	Joao	FERNANDES	PWA MABELPAP S.A.
Mr	Ward	JANSSENS	SCOTT CONTINENTAL
Mr	Firmin	FRANCOIS	COBELPA

FRANCE :

Mr	Dominique	BINET	ARJO WIGGINS SA (Chairman)
Mr	François	LATOUR	AUSSEDAT REY
Mr	Christian	SIBILLE	SIBILLE DALLE

GERMANY :

Dr	Klaus-Dieter	KIBAT	V.D.P.
Mr	Peter	WINKLER	HAINDL PAPIER Gmbh

ITALY :

Mr	Alessandro	FEDRIGONI	Cartiere FEDRIGONI & C s.p.a.
Mrs	Gloria	RICCIONI	Cartiere BURGO

NETHERLANDS :

Mr	Martien K.	LAAN	Inkoop-combinatie "De EENDRAGT" b.v.
Mr	Theo P.	van der STEENSTRAETEN	KNP Services B.V.

PORTUGAL :

Mr	José Manuel	BYRNE	PAPEIS INAPA S.A

UNITED KINGDOM :

Mr	Richard L.	BAXENDALE	SAPPI (U.K) Limited
Mr	Chris J.	DEEVEY	UK PAPER Plc
Mr	George T.	MANDL	THOMAS & GREEN Ltd

SECRETARY :

Mr	Jean François	BOISSON	GROUPEMENT IMPRESSION ECRITURE

GUEST-SPEAKER :

Mr	Maldwyn	THOMAS	CANADIAN PULP AND PAPER ASSOCIATION EUROPEAN OFFICE

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- AGENDA -

I - APPROVAL OF THE AGENDA

II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

- The previous meeting was held in Lisbon on March 26th, 1993.
- Minutes were circulated on April 21rst, 1993.

III - STATISTICS

- Analysis and comments of the last available statistics
- Discussion on the implementation of the early-declarations
- Monthly statistics
- Fulfilment of the definition : up-date
- VDP request : comments on UTIPULP statistics
- Other matters

IV - REVIEW OF THE WOOD-PULP MARKET AND ENVIRONMENTAL ISSUES

V - OTHER ENVIRONMENTAL CONCERNS

- Recycled market pulp
- TCF capacity and demand

VI - UTIPULP STATUTES

- Final discussion on membership
- Signature of the Statutes

VII - UTIPULP ACCOUNTS

- Up date
- Approval of 1993 budget

VIII - MISCELLANEOUS

IX - DATE AND LOCATION OF NEXT MEETING

Prior to the meeting, from 8 : 30 am to 9 : 30 am, Mr Maldwyn THOMAS, Managing Director of the Canadian Pulp and Paper Association European Office, will deliver a speech on :

- Canadian forestry practices,
- purpose of his coming to Europe,

and answer UTIPULP members' questions.

- MINUTES -

Mr Dominique BINET, Chairman of UTIPULP, opens the meeting at 8.30.

He welcomes the participants in particular Mr FRANCOIS, Delegue General of COBELPA, whom Mr BINET thanks for receiving UTIPULP in Brussels. He reports upon apologies for absence, in particular Mr DAUSCHA still ill.

He then welcomes Mr Maldwyn THOMAS, Managing Director of the Canadian Pulp and Paper Association European Office, who has accepted to explain the purpose of the setting-up of an office of the CPPA in Europe, and also the Canadian forestry practices.

I - SUMMARY OF Mr THOMAS' SPEECH

First of all Mr THOMAS said he was very glad to speak before UTIPULP members, because better communication facilitates co-operation.

1.1 Role of the Canadian office in Brussels

The main purpose of the office is communication an information. On the one hand, it aims at transmitting to the CPPA in Canada, fresh, accurate and reliable information on the European market : economic trends (in the paper industry, but also in the whole economy), but mostly all regulations which can have an impact on the market, and in particular when environment is concerned. In this sense, it is a "window on Europe".
On the other hand, the goal of the Canadian office in Brussels is to inform European audiences on Canadian forest industry practices and here again, in particular on environmental issues.

The messages are addressed to four main targets : medias, customers, government officials, and "leaders d'opinion". Personal contacts are the most efficient way to succeed, which of course requires a lot of time and energy. Environmental issues being very emotional, it is therefore all the more difficult (cf the catchy but false slogan in the UK "Everytime you blow your nose, you blow away a giant Canadian tree").

1.2 Canadian forestry practices

Mr THOMAS stressed that the Canadian forest is one of the largest, the richest, the most protected and the best managed in the world. 416 millions of hectars (10 % of the world total), of which 51 % is "commercial forest" (cutting, but also state-parks (wildlife) and tourism), 38 % is "open forest" and will never be touched and 11 % is fully protected and considered as World Heritage. It all belongs to the Government, and licences to cut are very strictly issued and controlled.

Only 0,5 % of the total "commercial" or multi-use forest is cut yearly, and over the past decade, Canada has planted more than it has cut.

No artificial mono-cultures are created and only local spieces are used for reforestation.

Most of what is currently cut is virgin forest, but as all trees are replaced, the share of "second-growth" forests is growing. This is the way to a real rationalization of the forest industry in Canada.

Canadian indutries which live on the forest, have mainly to worry about the look of the forest, especially after clear-cuts. Therefore informing and educating people, against false prejudices is very important, especially at school.

Mr THOMAS added that Canadian aboriginals, are very much involved in the forest industry, and that their political positions on forestry are often determined by other political options on land-claim for instance.
Finally, Mr THOMAS stated that Canadian is very much in favour of an International Convention on Forestry.

Further to the speech, participants asked Mr THOMAS a few questions, and after that Mr BINET thanked Mr THOMAS for the very interesting information he gave, and called for maintaining contacts and co-operation in the future.

He then proceeded to the first point on the agenda.

II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

The previous meeting of UTIPULP was held in Lisbon on March 26th, 1993.

Minutes were circulated on April 21rst, 1993.

There was no particular comment on those minutes which were adopted unanimously.

III - STATISTICS

3.1 Finalization of the statistic-report

Mr BOISSON, presented the finalized statistic document, which now has a very comprehensive over view of the world wood-pulp market. The aim is now to maintain a good quality of information. It is too early to contact producers such as Indonesia for instance. Mr BOISSON was congratulated for his work.

A few remarks were made on statistics 7 from pulp producers (CEPI-PULP). First of all the total inventories at the end of the year is not corresponding (it represents the addition of inventories at the end of each quarter). It was also said that HW-Kraft should have higher inventories on quarter two - 1993.

Also the 25 days of consumption in stock for Japan and USA were said to be underestimated.

3.2 Discussion on implementation of early declaration

Mr BOISSON, stated that the first early issue (in July for the second quarter) had been very successfull and that all National Associations had been very co-operative. The next issue is due for October 20th, and he asked the participants to use their influence in order to be able to do so again, for the third quarter.

3.3 Monthly statistics

It was reported that a limited number of countries were able to provide monthly statistics. However, Mr BINET stressed that it is important to have monthly figures in order to put pressure on producers and have them issue monthly statistics again.

Therefore bilateral monthly exchanges should be encouraged and start as soon as possible. Others will join as soon as they can.

3.4 Fulfilment of the definition

Holland has now figures which correspond to the definition since the beginning of the year. Other countries, and Italy in particular, explained that such thing is still not possible in their countries.

It was therefore decided to keep the mention in small characters at the bottom of the table (Stat 1).

3.5 VDP request

Mr BINET informed the participants of a letter sent by VDP (Dr KIBAT) in July, and requesting that statistics would also have a special part, with an analysis of the market, and the connections between pulp trends and paper trends.

All participants agreed on the idea of a one-page comment, where connections with paper and board market on the one hand, and other raw materials on the other hand(recycled fibers), should be enlighted and commented.

Mr BINET and Mr BOISSON will work out a draft-document in this respect for next meeting.

3.5 Miscellaneous

Mr BOISSON informed the participants that Dag Martensson from CEPI had requested a copy of the UTIPULP countries figures as in the past. The sending had been stopped because of "leaks" from CEPI to CEPI-PULP, when no exchange was made with CEPI-PULP.
Participants agreed that the sending should resume.

IV - REVIEW OF THE WOOD-PULP AND PAPER MARKET

At Mr BINET's request, national delegates shortly reported upon the pulp and paper situation in their own countries.

ITALY :

- The Italian paper market is not bright at all. The worse sector being the woodfree paper with only a few days of orders inflows. Wood containing is still good.
- The country is severely hit by the recession, and consumption has come down significantly.
- Suppliers have heavily curtailed production, and have reached a level where bankruptcy is around the corner.

GERMANY :

- The German market is more depressed as ever. There are now market share of some products overlaping those of others, because of the level of paper prices.
- Downtimes are commonly widespread.
- Financial results of German companies are in red, and some companies are even on the process of disappearing.
- Prospects for the future are that no increase in pulp prices is in sight, even with NBSK below US $ 400. Germany believes that if it moves up, however, it will rise significantly (US $ 50), but no small amount.

THE NETHERLANDS :

- The situation is indeed also very depressed on the woodfree coated market.
- Besides the situation is very similar to the one in Germany.

FRANCE :

- The situation of the economy is worsening (GPD decrease : 1,5 %). Strangely enough, paper does not suffer from it exceedingly overall (some grades are having serious problems though).
  Imports however, have risen and in some sectors, French mills have lost 25 % of market shares.

- The situation of the French pulp industry (CDA, Tarascon, St Gaudens) is even worse.

- Mr SIBILLE added that the European paper industry was confronted to two types of pressures : one from consumers (because of deflation) and one from competitors, and in particular, countries who devaluated their currencies a year ago.
  The problem for 1994 is to know what will happen to the US$. Even specialized consultants can not agree on a narrow range of prices.

PORTUGAL :

- The situation is also difficult in Portugal for all grades.

UK :

- Following the law of "first-in, first-out", the UK is slowly coming out of the recession.
  There is a good demand for coated paper (+14 %) and uncoated (+7%) ! The problem of overlaping and substitutions also occurs.
- The situation is still not brillant, the over capacity and the growth of the market being such, that there is no chance for a prompt recovery.
- It is difficult to predict 1994, with on the one hand obvious reductions in capacity already made, and on the other hand the arrival of new important producers such as Indonesia.

BELGIUM :

- The situation is very similar to France and Germany, with the influence of countries with weak currencies, on the market.
- Authorities have been increasing pressure to encourage the reduction in paper consumption.

V - ENVIRONMENTAL ISSUES

Further to Mr BINET's proposal, all delegates said a few words on the situation in their respective countries on the TCF and recycled fibers issues.

	CHLORINE FREE	RECYCLED FIBERS
BELGIUM	• Big pressure on the market. • ECF is widely used. TCF will take more time.	• Big issue : there are lots of waste-papers. • Waste management : pressure to use the recycled fibers more widely from the authorities. • Constitution of a Graphic Chain Association in September, and launch of a campaign based on "The paper does not harm the forest".

UK	• TCF still small, but signs of growth are coming. • TCF represents less than 1% of the total market pulp in the UK. • TC paper is made for export.	• Development, but no one seems to be willing to go in this direction before there are guarantees for a market. • The problem remains the quality (especially in P& W). • De-inked pulp : too expensive.
PORTUGAL	• ECF everywhere, but no TCF.	• Recycled fibers are more for the tissue/packaging markets. • This is however a small market for other grades now.
FRANCE	• TCF is used only when one wants to export to Germany.	• There are projects of recycled market pulp plants, but nothing will start before it is proved that there is a need in the market.
HOLLAND	• 95% is ECF in Holland. • TCF is growing. • Merchants are putting a strong pressure though.	• The issue for recycled market pulp is there. • Pressure to use as much waste paper as possible is growing.
GERMANY	• Consumption of TCF is stable. • Whoever wants TCF gets it. • Close-loop mills remain the future issue.	• De-inked market pulp is still not very important, but would be soon. • It is a very marketing attitude anyway.
ITALY	• TCF (for woodfree) are destined to German speaking countries mainly. • A slight diminution has been seen.	• Similar to Germany. • Nobody is buying de-inked pulp, but recycled paper are growing. • There is still a lot to do to collect post-consummer papers properly.

- Mr FRANCOIS (COBELPA) said a few words about the Belgian eco-tax which has eventually been voted. Originally purely a political problem in order to win support in the Parlement to have a constitutional change accepted, it had been done without consulting the Industry.
  The system should start from 01/01/94 onwards, but decrees necessary to implement the new regulation, have not been voted yet.
  The Industry has put forward the idea that because no control is technically nor physically possible for the time being, the Law should only apply from 1996 onwards. The decision has however not been taken yet. The CEPI has been very active in this area.

- Mr MANDL suggested that the CEPI Statement, on the Chlorine-free issue, should also be formally endorsed by UTIPULP.

Agreeing to this proposal, the participants unanimously supported the CEPI position statement on the Chlorine Free issue. It has been attached to these minutes.

It was proposed that UTIPULP Statistics should also contain a section on TCF-capacities (World/Europe) and also on recycled fibers.
Mr BINET and Mr BOISSON will work out a proposal in this respect for next meeting.

VI - UTIPULP STATUTES

Mr BINET summarized the issue, in particular regarding amendments he had proposed to the article 3.2 of the Rules of Application.

He stated that the Executive Committee, who had met the evening before, had suggested :

- that nothing be changed in the Statutes nor the Rules of Application,
- that the Chairmen writes a letter to the National Pulp Committees, stating that «in order to avoid any conflicts of interest between producers and consummers, UTIPULP recommends to National Associations to send representatives who are only predominantly pulp users».

The draft of the letter will be sent to members of the Executive Committee prior to sending.

Mr BAXENDALE said he had a few amendments to the English translation. They are purely translations mistakes. He will send them to Mr BOISSON.

Now the Statutes are definitively agreed on, the Secretary will circulate the originals of the Statutes to be signed, to the UTIPULP members appointed in Lisbon (see Minutes of the Lisbon Meeting), who in turn, will seek the approval of their National Association, sign the documents and return them to Mr BOISSON, who will carry out all the necessary paper works.

VII - UTIPULP ACCOUNTS

Mr BOISSON presented briefly the UTIPULP accounts.

First of all the final accounts for 1992, with a FF 14.000 profit.

The accounts of UTIPULP as to 30/09/93 show a FF 9.000 loss, but it is due to the fact that no contribution has been called for 1993 yet.

The provisional accounts for 1993 (full year-) with the contributions, which amount to FF 60.000 (representing 25 % less than in 1992).

All accounts were approved, and the Secretary was asked to call up the contributions as soon as possible.

VIII - MISCELLANEOUS

- SPAIN

  Following the Executive Committee's recommandation, Mr BINET will approach the Spanish Federation and invite them to join UTIPULP again. This was unanimously accepted.

- CEPI WASTE-MANAGEMENT DOCUMENT

  It was included in the folders for the participants. Mr SIBILLE stated that this is only a project for discussion and had not been approved yet.

IX - NEXT MEETING

Because of the FINNCELL SYMPOSIUM is held in Nice in 1994, it was agreed that the UTIPULP General Meeting should be combined with it.

Therefore, the next General Meeting will be held on :

Wednesday, April 20th 1994
at 2 : 00 p.m.
in NICE (FRANCE)

A buffet-lunch will be served prior to the Meeting.
No official-dinner is planned.
Exact location and arrangements will be provided by the Secretariat very soon.

Having gone through all the items of the agenda, Mr BINET thanked the participants and closed the meeting at 12 : 30 p.m.