UTIPULP

LONDON - APRIL 7th, 1995

GENERAL MEETING

MINUTES

JFB.MM/95CR79

UTIPULP

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- ATTENDEES -

AUSTRIA :			
M.	Paul	BARTMANN	NEUSIEDLER Aktiengesellschaft
BELGIUM :			
M.	Joao	FERNANDES	PWA MABELPAP
M.	Firmin	FRANCOIS	COBELPA
M.	Fred	VAN DEN KEYBUS	DENAEYER PAPIER N.V.
DENMARK :			
M.	Eilif	LADEGAARD	STORA PAPYRUS A/S
FRANCE :			
M.	Dominique	BINET	ARJO WIGGINS
M.	Geoffroy	DE WARREN	JEAND'HEURS S.A.
M.	François	LATOUR	AUSSEDAT-REY
GERMANY :			
M.	Klaus-Dieter	KIBAT	V.D.P.
M.	Wolfgang	URBAN	STORA PURCHASING AND TRANSPORT GmbH
M.	Peter	WINKLER	HAINDL PAPIER Gmbh
ITALY :			
M.	Alessandro	FEDRIGONI	CARTIERE FEDRIGONI & C s.p.a
Mrs	Gloria	RICCIONI	CARTIERE BURGO
NETHERLANDS :			
M.	Martien K.	LAAN	Inkoop-combinatie De EENDRAGT b.v.
PORTUGAL :			
M.	José Manuel	BYRNE	PAPEIS INAPA S.A
M.	Joao A.	LANCA RODRIGUES	CELPA
M.	Antonio	SIMAO	RENOVA
SPAIN :			
M.	Luis	RIOS	TORRASPAPEL SA (observer)
UNITED KINGDOM :			
M.	Bryan	BATEMAN	THE PAPER FEDERATION OF GREAT BRITAIN
M.	Richard L.	BAXENDALE	SAPPI (U.K) Limited
M.	James	DAGLISH	TULLIS RUSSELL
M.	Chris	DEEVEY	UK PAPER Plc
M.	G.T.	MANDL	THOMAS & GREEN Ltd
SECRETARY :			
M.	Jean-François	BOISSON	UTIPATES

UTIPULP

General Meeting

LONDON, APRIL 7th, 1995

- AGENDA -

I - APPROVAL OF THE AGENDA

II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES
- The previous meeting was held in Rome on October 14th, 1994.
- Minutes were circulated on December 9th, 1995.

III - MEMBERSHIP AND EXECUTIVE COMMITTEE

IV - UTIPULP STATISTICS
- Exchange discontinuation with EPIS
- Statistics for filers
- Monthly statistics
- Analysis of UTIPULP statistics

V - ANALYSIS OF THE WOOD-PULP MARKET

VI - ENVIRONMENTAL ISSUES
- Forestry
- Tropical pulp
- Chlorine-free
- De-inked market pulp (DIP)

VII - BUDGET and ACCOUNTS

VIII - MISCELLANEOUS

IX - DATE AND LOCATION OF NEXT MEETING

- MINUTES -

Mr LAAN, Chairman of UTIPULP, opens the meeting at 9 : 00 am. He welcomes the participants and in particular :

- Mr de WARREN (JEAND'HEURS SA) new member of the French Delegation,
- Mr RIOS (TORRASPAPEL),
  Mr LAAN explains that since UTIPULP previous meeting he has had a discussion with Mr GONZALES (TORRAS) and invited him to attend, as an observer, the London UTIPULP Meeting. The purpose being to try to bring Spain back into UTIPULP. This issue shall be discussed in § "Membership" below. In Mr GONZALES' absence, Mr RIOS is representing TORRAS.

He also presents Mr MEIL and Mr SIBILLE's apologizes for absence.

I - APPROVAL OF THE AGENDA

The agenda was approved. It was however agreed, further to Mr LAAN's suggestion, to add a new item :

- "Membership and Executive Committee".

right after the approval of the minutes.

II - APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

- The minutes were unanimously approved.

- It was noted that the list of addressees of UTIPULP statistics (requested during the meeting in Rome), had been handed out by Mr BOISSON to the Executive Committee, and only contains either National Associations, member of UTIPULP, or organizations with which a reciprocal exchange of statistics has been set up.

III - MEMBERSHIP AND EXECUTIVE COMMITTEE

1- Membership :

- Mr LAAN explains that Austria had been invited to take part in the previous meeting of UTIPULP in Rome in view of joining. The two Austrian participants have reported to AUSTROPAPIER their impressions, and UTIPULP received on November 23rd, the official request from AUSTROPAPIER to join UTIPULP.

- This request has been formally approved by the Executive Committee, and was endorsed by all participants, unanimously.
  Mr BARTMAN, representing AUSTRIA, thanked the participants and said a few words, stating that UTIPULP activities were of great interest for his company and his country, and that he hoped his expectations would be met.

- Further to a proposal made by the Executive Committee, and considering the amount of pulp consummed in Austria in 1994, it was decided to grant 3 seats to Austria.

- The Secretary, Mr BOISSON was requested to proceed with administrative requirements, as far as statutes, membership, etc..., are concerned.

- Spain membership was also discussed and it was stressed that it is important, given the importance of Spain on the European pulp and paper market, that Spain joins again UTIPULP, through its National Association or Pulp Committee, in the future.
  The presence of a representative of TORRAS PAPEL is a step in this direction.

- It was reminded that other countries (Scandinavia and Switzerland) had also been invited to join, but the offer was refused on the basis that only individual companies from those countries were ready to join (which is contradictory to the Statutes).
  The issue of what to do with individual companies willing to join (even as an observer) like TORRAS was discussed. It was felt that one should decide for each individual situation, and that the problem might well never arise.

2· Executive Committee :

- Mr LAAN reported a discussion which took place during the Executive Committee Meeting about the number of members of the Executive Committee.

- It was proposed to add a new member to the four existing (Messer : LAAN, BAXENDALE, VAN DEN KEYBUS and WINKLER).

  The Executive Committee proposes Mrs RICCIONI. It was unanimously accepted, and the Secretary was here again asked to proceed accordingly.

IV - UTIPULP STATISTICS

1· Exchange discontinuation with EPIS :

- Mr BOISSON reported how Mr STENBERG who is compiling the statistics for EPIS, decided to discontinue the exchange, further to an argument for late sending.

- Participants felt that it was not acceptable that this decision be taken solely by Mr STENBERG, who has no right to act on behalf of EPIS-Board on this issue.
  Moreover, even though UTIPULP members have often express their doubts about the statistics compiled by Mr BOISSON, it was agreed that the trends seemed all right, and that Mr STENBERG had no right to criticize them.

- It was decided that a " friendly" approach should be made in the first place : Mr LAAN will give him a ring requesting that the exchange resumes.
  If this approach proves to be unefficient, a formal letter shall be sent to the Chairman of EPIS (Mr BOISSON was requested to find the name of this person).

2· Statistics for filers :

- Mr LAAN explained how ECC was contacted in this respect, further to Mr WINKLER's remark that statistics 4a and 4b were not relevant as far as non-pulp components were concerned.

- The outcome was limited, since only mineral filers could be, and partially covered.

- After a short discussion, and even though those statistics were higlhy interesting, it was decided to delete them, on the ground that it would require too much energy to compile them, and that UTIPULP had other priorities for the time being.

3· Monthly statistics :

- Mr BOISSON reported that a monthly exchange had been established between France, the UK and Germany since January 1995, and has proved to be very good.

- Other countries said they were still not ready to switch to monthly statistics except Austria who said it could be possible.
  This shall be arranged with Mr BOISSON.

4· Analysis of UTIPULP statistics :

- It was noted that stocks had come back to a more normal level, and that the switch between suppliers inventories and buyers inventories was obvious (especially in Northern Europe).

- There was no particular comment other than the fact that trends looked OK.

- US figures were also commented, and it was stressed that the evolution is exactly opposite to that of Europe : deliveries are still going up which means that there is no sign of the slowing down of the US economy (it was however felt that given the structure of the US market (big suppliers and big customers) the evolution had to be different.
- Japan figures were stricking in the way that stocks are at their highest (almost similar to the E.U.).
  A discussion went on whether Japanese figures include or not trading companies, which if not is meaningless. Mr BOISSON shall enquire on this issue.

V - ANALYSIS OF THE WOOD-PULP MARKET

1· The United-Kingdom :

- Mr BAXENDALE commented on the situation in the UK :

  - paper demand is high (especially in newsprint and LWC),
    Orders inflows are 4-5 weeks in average and up to 10-11 weeks for some grades,
  - Carbonless and tissue are difficult markets,
  - merchant stocks are high which is a cause of concern,
  - the recovery of increased pulp costs is currently being the main challenge,
  - there has been no downtime reported due to lack of pulp, as there is always anything available on the spot-market. Stocks are up, but the main difficulty is to find the right quality.

2· Danemark :

- Mr LAADEGARD reported :

  - very high demand for paper,
  - very high merchant stocks,
  - some easing in the pulp market which is not as tight as it used to be some months ago.

3. Portugal :

- Portuguese delegation reported that :

    - pulp situation is more or less similar to that of the other countries, with low stocks at mills,
    - pulp production is being difficult and wood has to be imported from South America,
    - PORTUCEL was reported to increase its production in June of about 40.000 tons, and the price of the EKP was said to be around 690-700 Ecus, depending on the dollar's rate,
    - the paper market was very weak during the second half of 1994, but exports balanced the overall market,
    - due to a very bad forestry policy, the timber shortage is likely to last, until the change of policy has any effect, ie the year 2005. Imports have to be kept at a high level, and the risk that supply of wood from Brazil and Argentina are cut is a serious threat.

4. Germany :

- Messer WINKLER and KIBAT reported :

  - demand for woodcontaining grades is good (LWC is booked until July) and for woodfrees even better.
    It is difficult to appreciate how full the pipe-line is.
  - newsprint production in Germany was curtailed due to the lack of waste-paper (the switch to ground-wood and TMP is not always possible, especially in new mills),
  - there are about 31 days of consumption of pulp in stock in Germany on average, but there are huge differencies between the various mills,
  - relationship with suppliers are fair,
  - the weakness of the US$ has led some pulp producers to offer to switch to other currency. This phenomenon is not widespread but has occured a few times.
    Export opportunities for Germany are tough because of the problem of the DM, there has been no significant impact for the time being.

5. Austria :

- Mr BARTMANN reported :

  - the situation is more or less the same as in the other countries,
  - discussions with suppliers were easier during the Second Quarter 1995, but it remains difficult to increase quantities ordered. Suppliers have started to talk and discuss again.
  - as far as the Eastern market is concerned :

    - russian pulp producers sell 100% on the sport market,
    - no more business is possible with Russia, despite long-lasting relationships,
    - nothing worth mentionning in Tchecoslovakia and Hungary besides the fact that those two countries were desperate for pulp.

6. Belgium :

- Mr FRANCOIS reported :

  - paper market is similar to that of other countries, except for tissue, because of the links with DM,
  - waste-paper supply is becoming a critical issue, and the Belgian wood-market (and therefore pulp market as well) is tensed, mixed hardwood being the most difficult grade to find.

7· Spain :

- Mr RIOS reported :

  - the situation is overall OK, but small buyers are having difficulties,
  - inventories are low, especially for eucalypus, because the main sources, in Portugal, are not far away,
  - Indonesian pulp is being sold in Spain for the first time for mixing with other pulps,
  - the paper market is good, despite the fact that merchants have full inventories.

8· Italy :

- Mrs RICCIONI reported :

  - the paper market is good, although companies are having difficulties in recovering pulp increases. Coated papers have been weak in February.
  - Italy, and contrary to most of the other countries, find the market easier for hard-wood that for soft-wood (in terms of supply).
    Still eucalyputs can only be obtained with contracts, birch is non-existant, and the rest comes mainly from North-American or from Asia.
  - tissue producers are still running after pulp even though their stocks are pretty high,
  - the situation is thought to remain tight until the end of the year,
  - Mrs RICCIONI finally gave some information on the problem of the Ardennes mills, stating that it would take 3 to 4 weeks to repair, and that contracts could not be secured in any case !

9· France :

- Mr BINET reported :

  - the economy and the paper industry are doing well, although some sectors like packaging are suffering severe competition from plastic for instance,
  - merchant inventories are reasonable,
  - the market pulp is more relaxed but still difficult,
  - the inventories are normal,
  - Mr BINET noted that the pulp rice increase was swallowed by the drop of the US$, and that because only two companies were committed to a fixed price until September, it is not fully unlikely that a new increase occurs over the summer.

10· The Netherlands :

Due to the lack of time, Mr LAAN briefly said that he fully agreed with the comments of the other delegates, as far as The Netherlands were concerned.

VI - ENVIRONMENTAL ISSUES

1· Forestry :

- It was agreed that this issue is becoming the main one for the paper industry, after the years of ECF/TCF.

- Mr WINKLER stated that there is apparently a change of stand in the attitude of people on the issue, as they seem to be taking a more pro-active approach.
  The purpose now is to certify (almost at any price) that the wood harvest is environmentally friendly.
  The problem being that Europe is too fragmented to be a good partner for discussion and that the risk is to have the Canadians views imposed on us.

- Mr BATEMAN reacted saying Canadian pulp producers and forest people were only showing a way to go. He was supported in his view by several delegates.
  He stated that the ISO solution seems to be the most efficient. The important thing is to remember that the issue is the environmental management of forest and not the certification of pulp.
  A meeting of ISO/TC207 which deals with this issue is scheduled in June in Oslo. Dr KIBAT has forwarded an article describing the structure and activities of TC207 (see Annex).

- Mr FRANCOIS's finally stated that the opinion of pulp producers should be taken into account, as well as the structure of the forest industry in Europe as a whole and in the various individual countries.
  He mentionned the Forest Chain recently created in Belgium and said that this issue could only be solved in a global way.

- The role of UTIPULP in the forestry issue was discussed.
  It was felt that although UTIPULP could not ignore forestry problems, the best solution would be to adopt some sort of "ready-to-act" attitude, by collecting information, keeping contact, etc...
  In this respect it was decided :
    - to contact Arno WIMPFEN at CEPI to know more about that issue,
    - to try to obtain the brochure published by CPPA on forestry,
    - to ask Messers KIBAT, FRANCOIS and BATEMAN to compile and information package, to be distributed.

2· Tropical pulp :

- The issue of the first sales of Indonesian pulp in Europe was discussed. So far, there has been no reaction from green-movements, but there is no doubt that they shall come.

- Mr BATEMAN stated that according to a gallop-poll made in the UK, this would be disastreous for the paper industry, and all P.R. efforts made over the passed years would be ruined.

- It was also felt that tropical forest is not the only one to be taken carefully, but also the boreal forest, the rainforest, etc...
  The risk is that the European forest be eventually at stake also.

- The conclusion was that it is a very serous issue.

3· Chlorine-free :

- There has been report of switching back form TCF to ECF because of budgets and costs.
  The problem might however come back with the next recession.

- It was noted on the other hand that TCF is becoming a viable alternative in the US.

4· De-inked market pulp (DIP) :

- Everybody agreed that consumption of DIP is not marginal anymore.

- It was therefore decided to implement a new statistic in UTIPULP with consumption and inventories of de-inked market pulp with in the 9 countries.
  Mr BOISSON and Mr LAAN will work out a proposal.

VII - BUDGET AND ACCOUNTS

- Mr BOISSON presented the 1994 UTIPULP final accounts which were unanimoulsy accepted (see Annex).

- A proposal was made for 1995 to avoid asking subsequent payments for meeting expenses as it had been the case some months ago, and to have one payment for the whole year and nothing else.

- Participants unanimously agreed that everything should be included in the budget, and agreed for the FF 90.000 proposal.
  It was also agreed that the minimum contribution should be FF 1000 (see Annex).

VIII - MISCELLANEOUS

- Mr LAAN asked all delegates whether they would see some new expectations from UTIPULP. In other words : is it OK the way it is or do members want more ?

- Ideas like :

  - a new Codex for pulp business practices (some sort of code of conduct),
  - a commonly administered buffer-stock of pulp,
  - membership of other countries...

- It was decided that delegates should think over this proposal.

IX - NEXT MEETING

- Further to a proposal made by the Executive Committee, it was decided that, the next UTIPULP meeting shall be held in Amsterdam on :

October 6th, 1995

with an official dinner on October 5th, 1995.

Having gone through all the items of the agenda, Mr LAAN closed the meeting at 1 : 00 pm.