

UTIPULP

Group of European Market Wood Pulp users

General Assembly meeting

MACHESTER – April 21ST, 2017

8h30 – 12h30

Minutes

Attendees:

Mr	Bernhard	BECK (Chairman)	AHLSTROM-MUNKSJÖ
Mr	Paul	BARTMANN	MONDI
Mr	Gerrald	BLOUW	COLDENHOVE PAPIER BV
Mr	Diego	BORELLO	AHLSTROM-MUNKSJÖ
Mr	Jörg	DITTOBEE	MITSUBISHI
Mr	Peter	DONNABAUER	DELFORT Group
Mr	Martin	DREWS	VDP
Mr	Steve	FREEMAN	CONFEDERATION OF PAPER INDUSTRY
Mrs	Ute	GIERDEN	KANZAN SPEZIALPAPIERE GmbH
Mr	John	GOVIER	ARJOWIGGINS Ltd
Mr	Victor	KAMM	SAPPI EUROPE SA
Mr	Burckhard	KRUECKE	WEPA PAPIERFABRIK
Mr	Andrew	LARGE	CONFEDERATION OF PAPER INDUSTRY
Mr	Ivo	MAZZURANA	BURGO Group
Mr	Stéphane	MOZDYNIEWICZ	PAPETERIES DE CLAIREFONTAINE
Mr	Norman	SNEL	SAPPI
Mr	Joep	STEVENS	Inkoop-combinatie De EENDRAGT b.v.
Mrs	Charo	VIEJO	LECTA
Mr	Paul-Antoine	LACOUR	UTIPULP

Speakers:

Mrs	Anita	SKJONG	NOREXECO (partly)
Mr	Frederik	HUSEBYE	NOREXECO (partly)

Excused:

Mr	Steve	ABDULLA	SCA GLOBAL HYGIENE
Mr	Luis	ARRUE	PAPELERA DEL ORIA S A
Mr	Romain	BALDI	MUNKSJÖ LABELPACK
Mrs	Cinzia	CARADINI	ASSOCARTA
Mr	Brian	DILLON	SCA HYGIENE PRODUCTS
Mr	Joao	GORJAO CLARA	RENOVA
Mr	Peter E.	OFFNER	BRIGL & BERGMEISTER GmbH
Mr	Giovanni	PELIS	GRUPPO CORDENONS SPA
Mr	Andrea	PIAZZOLLA	SOFIDEL SPA
Mr	Pierre	UZUREAU	SMURFIT KAPPA CELLULOSE DU PIN
Mr	Vitaliano	VANTINI	FEDRIGONI CARTIERE

1. Introduction

1.1 Welcome and apologies

The Chairman welcomes all the participants and presents the apologies of the delegates who were not able to come.

He then thanks the Confederation of Paper Industries (CPI) for having kindly sponsored the dinner that took place on the eve, and leaves the floor to Mr Andrew Large, Director General of CPI, who introduces himself.

He then thanks Steve FREEMAN and his colleagues from CPI, as well as John GOVIER, for the organisation of the much appreciated “social part” of the meeting.

The Chairman also warmly thanks Mr Paul BARTMANN, who successfully chaired UTIPULP during the past two years.

1.2 and 1.3 Safety and Legal guidelines

The Chairman indicates the participants the safety procedures and reminds the Guidelines pertaining to the competition laws that have been sent prior to the meeting, and that participants have strictly to comply with.

1.4. New Member

The Secretary mentions that no new member has joined UTIPULP

1.5. Approval of the minutes of the last meeting (Barcelona, September 16th, 2016)

The minutes are approved without amendments.

1.6 Approval of the agenda

Following the suggestions of two members, it is agreed to add two new topics under 3 of the agenda (Special subject dossiers):

- Measurement of the ISO brightness of pulp,
- Compliance with the competition regulation of statements made by pulp sellers.

2. Presentation: Frederik Husebye (NOREXCO ASA) on “How to improve your cash flow predictability”

The Chairman invites Mr Frederik HUSEBYE and Mrs Anita SKJONG to join the meeting and make a presentation on the service proposed by NOREXCO in order to help pulp buyers and pulp sellers to (i) assess the risks triggered by the volatility of prices (ii) hedging mechanisms.

Following this presentation (see slides), participants have a discussion with the two guests on the pros and cons of the hedging system proposed by NOREXCO.

3. Special Subject Dossiers

3.1 Measurement of the moisture content

Mrs Charo VIEJO and Mr Jörg DITTOMBEE present the outcome of the discussion they had so far with the representatives from EPIS. They report that:

- they proposed EPIS to preferably use one standard (T210 cm-13) and reduce the number of samples to 25%,
- EPIS is expected to give an answer by the end of May,
- EPIS representatives did not show great enthusiasm in changing anything.

Members thank them for their effort with EPIS and add some comments:

- The aim of UTIPULP should be to go beyond the incremental improvement of the current methods for the measurement of moisture, and really make a “quantum leap” by using an alternative method,
- The objective of UTIPULP should also be to secure that pulp sellers are deterred to indicate wrong moisture figures,
- This new technology is not identified yet,
- Once this technology is identified, if it is expensive, an option could be that UTIPULP (or a consortium of companies) control the device that would make random checks among the bales delivered by the pulp sellers,
- Besides the identification of a new technology, one route could also be to set up a guide (as it was done by CEPI for the quality control of paper for recycling).

Agreed:

- **Mrs Charo VIEJO and Mr Jörg DITTOMBEE will inform on the answer of EPIS as soon as they have it,**
- **Based on the today's discussion, delegates will think on how to radically improve the current methods of moisture measurement,**
- **The issue will be on the agenda of the next meeting, and delegates will share the outcome of their own reflexions.**

3.2 Bales dewiring

The Chairman introduces the discussion by recalling that the topic is not only the dewiring of the pulp bales, but more broadly to find any solution that could prevent the drawbacks of the wires.

Mr Victor KAMM reports on the progress Mr Romain BALDI and himself have made with EPIS (see slides). He adds that EPIS has a positive approach of the topic, as the use of metal wires is also a problem for the suppliers. Mr Norman SNELL adds that the work has been split into three sub-groups:

- One on the risk prevention of the current systems (collect best practices....),
- One on the identification of an alternative to metal wires,
- The last one aims the improvement of the automatic dewiring technology.

The Chairman thanks the UTIPULP representatives and gives the floor. During the discussion, one member mentions that it is unclear for most pulp buyers what from the packaging material is included in the invoicing weight and what is not.

Agreed:

- **UTIPULP delegates in charge of the dossier will report at the next General Assembly on the progress made with EPIS,**
- **Delegates are invited to scrutinise what their suppliers do as regards the inclusion of the packaging materials.**

3.3 Measurement of the brightness

One member introduces the subject of the measurement of the pulp brightness. He mentions that the current ISO standard that is used does not reflect any more the real conditions of papermaking. Indeed, the standard is based on acid sizing (whereas most of the companies use neutral conditions) and does not encompass the effect of temperature. Therefore, the ISO standard overestimates the true brightness. He finally thinks that it would be interesting that UTIPULP delegates have a discussion with the technical expert of their companies in order to determine if the current situation is a problem and if an alternative standard should be put in place.

Agreed:

- **The UTIPULP Secretariat will send an e-mail asking members what they think of the issue above**
- **The synthesis of the answers will be presented for discussion at the next General Assembly**

3.4 Compliance of the public statements of some pulp suppliers with the competition regulation

One member mentions that, during the Hawkins Wright symposium that took place in March in Shanghai, he was astonished to hear one representative of a pulp company giving clear indications on what should be the prices so that new capacities (e.g. OKI) do not decrease the profitability of the pulp producers.

Other delegates who have also attended the symposium consider that this type of statement, which is not isolated, is very likely to infringe the competition regulation that exists in the EU.

Members then discussed what UTIPULP should do in this context, as two options could be envisaged:

- Go public in order to deter the pulp producers to make such statements (some doubt that this option will change how pulp producers communicate and what they do),
- Engage in a legal case if a clear situation of infringement has been noticed.

The Secretary adds that other European paper associations (like for instance EUROGRAPH, gathering the graphic paper producers) faced (and are still facing) situation of supposed infringement of the competition regulation by companies of some countries. In this type of situation, it is agreed that CEPI takes the lead (but in close cooperation with the European association) because (i) it might be necessary to alert the European Commission and ask it to act (ii) the topic might quickly have a “political” dimension.

Agreed:

- The UTIPULP Secretariat will contact CEPI in order to assess the support that could be granted on this dossier.
- The Secretary will report on what CEPI could do.
- One member will contact Hawkins Wright on his behalf in a “soft mode”, in order to know if they consider as normal the statements made in a symposium they are responsible of.

3.5 GTR/PIX

Delegates do not report any difficulty related to the GTR or the PIX index. One member mentions that he has used the GTR for a contract of dissolving pulp.

3.6 EU Timber Regulation

Delegates do not report any difficulty related to the EU Timber Regulation.

3.7 FSC/PEFC/ISO (P.A. Lacour)

The Secretary presents briefly the development of these dossiers. He mentions that members who use FSC have to consider the new standard (STD 40 004 V3-0) related to the Chain of Custody, in force as of 1st April 2017 (with a transition period till 31st March 2018).

3.8 Promotion by VDP of the use of virgin fiber

The Chairman gives the floor to Mr Martin DREWS, who presents the actions undertaken by the German Pulp and Paper Association (VDP) to stop the negative messages pushed by several stakeholders on the use of virgin fibres (see presentation).

Several delegates add that these negative messages are also common in their own country.

4. Association Topics

4.1 Finance/Budget 2016 and 2017 (Chairman, P.A. Lacour)

The Secretary presents the accounts for 2016 (see slides).

- The 2016 accounts show a positive result of 1 589.42 euros.
- Total expenses amount to 25 971.58 euros and are below the estimated budget of 29 400 euros (-13.2%) and the expenses 2015 (-15.4%).
- Revenues in 2016 amount to 27 561 euros and are equal to the foreseen budget.

He then presents the 2017 budget, which was discussed on the eve by the Executive Committee:

- The 2017 budget has been drawn up by considering all the usual expenses, without exceptional ones.
- Due to a new French regulation, it cannot be excluded that the reimbursement of the secretariat costs would not be subject to VAT (20% on the reimbursement of wages). This issue will be investigated during the coming weeks.
- UTIPULP reserves have reached an amount of 20 208.99 euros.
- In consideration of the risk of VAT, and despite the comfortable reserves, the member fees are proposed to be the same as in 2016 (27 560 euros).

Agreed:

- **The delegates have no comment on the 2016 accounts.**
- **The delegates approve the budget for 2017**
- **The delegates approve the members fee for 2017, that is 27 560 euros.**

4.2 Excom members

The Secretary reminds the composition of the Executive Committee and mentions that, as of today, Mr Bernhard BECK is the new President of UTIPULP and Mr Andrea PIAZZOLLA the new Vice-President.

Bernhard BECK, Chairman	Germany
Paul BARTMANN	Austria
John GOVIER	United Kingdom
Victor KAMM	Belgium
Stéphane MOZDYNIEWICZ	France
Andrea PIAZZOLLA, Vice-chairman	Italy

He adds that the change of President will request to inform the Belgium authorities (where UTIPULP is registered) and the bank where UTIPULP has its accounts. He also mentions that the new President will give him the power to manage the association.

The President then reminds that the members of the EXCOM are appointed by the General Assembly for a mandate of 3 years (that can be renewed once). As some members of the Excom (UK and Belgium) will reach in September 2017 the end of their mandate, he invites volunteers to contact him. He adds that the statutes also mention that there is only one Excom member by National Association.

Agreed:

- **Volunteers to join the Excom are invited to contact the President by the end of June 2016.**
- **The new Excom members will be proposed to the General Assembly of 15th September 2017.**

4.3 Member countries: special items

Due to a lack of time, the delegates had no time to report on the key features that have taken place in their country and that had an impact on the market pulp demand.

5. Presentation on “The Brexit situation”

The Director General of CPI makes a brief on the Brexit Situation (see slides). He presents the issues at stake and the timeline of the negotiation. He mentions that it is extremely unlikely that tariffs are put in place for pulp and paper grades. Nonetheless, the situation regarding for instance the rules of origin, the public procurement policies etc. might have an impact on the trade flows of pulp and paper between the UE and the UK.

6. Close out

7.1 New date & location

The next meeting will take place on September 14th and 15th, 2017 in Barcelona. As in the past, the meeting will be organised in co-operation with Europulp.

In order to have more time for discussion, the General Assembly will start on Friday 15 September at 9:00 and will last till 2:00 pm (followed by a lunch).

The Chairman proposes to set the date of the meeting next year.

Agreed:

- **The first meeting next year will take place on 12th and 13th April 2018.**
- **The venue is still to be determined.**

7.2 Close

The Chairman thanks the participants and closes the meeting.
