

UTIPULP

Group of European Market Wood Pulp users

General Assembly meeting

June 25th, 2021

9h00 – 10h30

Webinar (Teams)

Minutes

Attendees:

Mr	Andrea	PIAZZOLLA (Chairman)	SOFIDEL
Mr	Paul	BARTMANN	MONDI
Mr	Andrea	BETTIN	BURGO
Mr	Jörg	DITTOMBEE	MITSUBISHI PAPER
Mr	Peter	DONNABAUER	DELFORT GROUP
Mr	Martin	DREWS	VDP
Mrs	Ana	FERNANDES	CELPA
Mr	Steve	FREEMAN	CONFEDERATION OF PAPER INDUSTRIES
Mrs	Ute	GIERDEN	KANZAN SPEZIALPAPIERE GmbH
Mr	Burkhard	KRUECKE	WEPA
Mr	Antonio	HITA-MARTINEZ	GRUPO MIQUEL Y COSTAS
Mr	Stephane	MOZDYNIEWICZ	CLAIREFONTAINE
Mr	Peter E.	OFFNER	BRIGL & BERGMEISTER GmbH
Mr	Lorenzo	PASQUINI	LUCART SpA
Mr	Andrea	RIPLEY	JAMES CROPPER
Mr	Janusz	TURSKI	Association of Polish Papermakers
Mr	Mustapha	ZAUG	PPG
Mr	Paul-Antoine	LACOUR	UTIPULP

1. Introduction

1.1 – 1.2. Welcome, Safety and Legal guidelines for attending UTIPULP meetings

The Chairman welcomes all the participants and particularly Mrs Andrea RIPLEY (JAMES CROPPER) and Mr Andrea BETTIN (BURGO), who join the General Assembly for the first time.

He then reminds that the Guidelines pertaining to the competition laws have been sent prior to the meeting, and insists on the fact that participants have strictly to comply with them.

Steve FREEMAN proposes that the CEPI initiative on the rising freight costs is addressed under AOB.

1.3. Approval of the minutes of the last meeting (webinar, April 23rd, 2021)

The minutes are approved without amendments.

2. Market analysis / Report from the National Association delegates

2.1. Synthesis of the questionnaire pertaining to pulp supplies

PA LACOUR presents the outcome of the questionnaire sent before the meeting

- 17 answers have been received (16 companies and 1 national association).
- For 8 respondents, the pulp supply situation has slightly improved/improved compared to April 2021.
- For 9 respondents, the situation is more or less unchanged. Reported problems are delays caused by releases at the ports and logistics. Some companies still face limitations from their suppliers.
- Regarding the forecast, all the respondents see an improvement for Q4 2021. Some consider that the still on-going pandemic makes the forecast complicated.
- Reasons for these improvements are manifold: (i) the peak in China is over (ii) world-wide supply chains should come back to normal (reallocation of vessels to trade toward Europe...) (iii) new capacities will come on stream (Bracell, Arauco,...).
- Nonetheless, some drivers might strengthen the demand of pulp (i) re-opening restaurants etc. might foster demand of Away-from-Home tissue (ii) shortage of white grades of Paper for Recycling might increase the demand of pulp

This presentation raises comments from the delegates:

- There are still uncertainties on the volume that BRACELL will put on the market. A large part of pulp is expected to go to Asia, as it will not be certified.
- APP and its constellation (Paper Excellence and Domtar) will play an ever-increasing role on the market.
- Regarding the paper and board demand, one big uncertainty is the magnitude of the constitution of stocks among the customers, as a response to increasing prices.

2.2. Report from the National Associations

Following this presentation, the chairman invites the delegates to report on the key features impacting the pulp market in their respective countries.

3. Statistics

PA LACOUR mentions that, following the decision of the last General Assembly, the front page of the monthly statistics report presents the coverage of the figures:

“In 2021, based on data for 2020, in the geographical area covered by UTIPULP statistics

- Figures for pulp consumption represent 92 % of the pulp consuming mills*
- Figures for pulp inventories represent 76 % of the pulp consuming mills”*

The figures relate to the capacities and not to the number of mills.

Regarding the possibility to split the inventories of the companies between data corresponding to the volume in the harbors and volumes corresponding to other locations (mills, warehouses, ...), PA LACOUR says that, based on the feed-back he has from national association, he doubts that reliable figures can be obtained. A report on that topic will be done during the next General Assembly.

4. Any other business

4.1. FSC request toward certificate holders

PA LACOUR reminds that he has sent an e-mail on 23 June mentioning that:

- during the meeting that took place on 16 July 2020, one member reported that FSC had announced that a new license agreement has to be signed.
- As this license agreement includes a one-way (FSC judged) penalty regulation for mistakes “false claims”, which can be tremendously high (up to 10 % of the turnover...), the industry (CEPI and other associations) has protested against it.
- It seems that FSC has started to force participants to accept the original version.
- One member would like to know where we are on this file and whether companies have signed a new license agreement based on such wording (or on a new and accepted one). Any feedback on this would be much appreciated.

Decision: As no feed-back has been received by the UTIPULP Secretariat, it is proposed that this issue will be discussed again during the next General Assembly.

4.2. Rising freight costs

Based on data provided by CEPI, PA LACOUR mentions that:

- Since mid-2020, the practices of the container shipping companies have increased the prices for container sea freight from and to Europe, to the detriment of European shippers, including the European paper companies.
- Next to the excessive prices, shippers have experienced a significant reduction of choice and a decline in service levels.
- On 16 June, CEPI, together with several pulp & paper companies and national associations - and a law firm to secure the full compliance with EU competition rules - discussed the rising cost of containers freight, the impact on trade, as well as the issue of competition.
- As a follow-up to this discussion, CEPI decided to go one step forward by setting-up a working group and carrying out an economic analysis based on data to be collected from pulp and paper companies.

UTIPULP delegates interested to take part in this CEPI initiative are invited to contact their respective national association to have more information.

5. Close out

5.1. New date & location – Europulp/Utulp meeting in September 2021

PA LACOUR presents the outcome of the survey made regarding the Barcelona event

- Number of answers: 31
- Business Week: 19 participants; 9 declined to participate and 3 are not yet sure to attend)
- Regarding the Seminar, 18 delegates will participate (in the amphitheater or on line) and 1 declines to participate.

The Chairman then reports on the latest discussions he had with the EUROPULP President:

- EUROPULP envisages that all participants will need to have a negative Covid test done in the morning of the 16th Sept.
- This test would be provided by EUROPULP through a local laboratory that will have its own staff (4 in principle) collecting the samples in the morning at the Avenida Palace Hotel (150 m from NH Calderón Hotel).
- Results would be known before the Seminar.
- Controls at the entrance of the venues would ensure everyone attending has a negative result.
- Tests done elsewhere will not be considered as valid.

Decisions:

- ***delegates approve this protocol but request that EUROPULP is informed in written that the result of the test will be known by the lab only and that no file is sent from the lab to anyone (in particular to EUROPULP).***
- ***The Excom will take place on 15 September (18:00 to 19:30)***
- ***The General Assembly will take place on 16 September (9:00 to 12:30) in the NH Calderon Hotel***
- ***The Seminar will take place in the afternoon***

5.2. Close

The Chairman closes the meeting and wishes a good summer break to the delegates.
