

# UTIPULP

*Group of European Market Wood Pulp users*

## General Assembly meeting

Thursday, September 15<sup>th</sup>, 2022 (8:30 – 12:30)

NH CALDERON HOTEL  
BARCELONA

### Minutes

#### Attendees:

Mr	Burkhard	KRÜCKE (Chairman)	WEPA
Mr	Romain	BALDI	AHLSTROM MUNKSJÖ (partly)
Mr	Paul	BARTMANN	MONDI
Mr	Andrea	BETTIN	BURGO
Mr	Frederico	DE MATTEIS	SOFIDEL
Mr	Peter	DONNABAUER	DELFORT GROUP
Mr	Martin	DREWS	DIE PAPIERINDUSTRIE
Mrs	Ute	GIERDEN	KANZAN Spezialpapiere
Mr	Antonio	HITA MARTINEZ	MIQUEL Y COSTAS (partly)
Mr	Klaus	KRIEG	KOEHLER PAPER
Mr	Jacek	LOS	ARCTIC PAPER
Mr	Peter E.	OFFNER	BRIGL & BERGMEISTER GmbH
Mr	Lorenzo	PASQUINI	LUCART SpA
Mr	Andrea	PIAZZOLLA	SOFIDEL
Mr	Luis	RUIZ ARRUE	Papelera del ORIA
Mr	Norman	SNEL	SAPPI
Mrs	Charo	VIEJO	LECTA
Mr	Martin	WERNER	SCHOELLER TECHNOCELL
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 reminds the Guidelines pertaining to the competition laws that have been sent prior to the meeting, and that participants have strictly to comply with.

### 1.3. Approval of the minutes of the last meeting (Nice, April 28<sup>th</sup>, 2022)

The minutes are approved without amendments.

## 2. Market analysis / Report from the National Association delegates

### 2.1. Synthesis of the questionnaire pertaining to pulp supply

PA LACOUR presents the outcome of the questionnaire (see the synthesis sent before the meeting).

He mentions that 19 answers have been received (17 companies and 2 national associations).

For almost all respondents, in comparison to April 2022, **the pulp procurement has improved** (and, for a few, has remained stable). This improvement is bigger for SW than HW.

Many respondents insist on the fact that “improvement” does not mean, by far, “back to normal”. Many difficulties are indeed still deplored, regarding transportation and pulp availability.

Regarding the forecasts for the 6 coming months, **almost all respondents see an improvement** (only one considers that the situation will not change significantly). Reasons for this are to be found both on the demand and the supply side.

The key drivers of the anticipated reduced pulp consumption are (i) the economic recession caused by the inflation; (ii) high prices of paper and board (pass through of energy cost and fiber cost), (iii) paper machines producing less (stoppages provoked by the skyrocketing energy costs and/or the disruption of gas procurement).

After this presentation, PA LACOUR asks if the questions are relevant or if they should be modified.

Delegates consider that the questions are relevant, and that the questionnaire should remain short and simple. Nonetheless, there is an agreement to establish a quantitative assessment of the evolution (now in comparison to the date of the last meeting) and the forecast. These indexes must not be considered as purely mathematical (eg: stock exchange index) but as a way to capture the delegates’ perception. It is also suggested that the questionnaire should be filled in on-line.

#### **Agreed:**

- ***The UTIPULP secretariat will add two quantitative questions to the questionnaire and ask the Excom to validate them.***
- ***The next questionnaire will be filled-in online (google form format).***

## 2.2. Report from the National Associations delegates

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

As a summary:

- The general picture presented in the synthesis is confirmed by the delegates, with the energy issue seen as a prominent matter that paper mills will have to address
- The risk of gas disruption varies nonetheless from one country to the other (see the map corresponding to the gas supply in Italy).
- Prices of electricity vary also from one country to the other, because of the different energy mix for electricity generation (coal, gas, nuclear, hydro, renewables ...) but also due to specific mechanisms put in force in certain countries (eg: stop of Combined Heat and Power units in Spain but not in Portugal, cap on gas for electricity generation in Spain ...).
- Inflation rates also vary a lot, with the Baltic countries and Poland on one side of the spectrum (high rates) and France at the other side ("energy shield" put in force by the Government to protect the consumers' purchasing power).
- Regarding the market situation of the paper mills, it remains good if we take a broad picture, although some grades have started to see a decreased demand (packaging ...). The question is the speed and the magnitude of the contraction of the demand, in a context where it will be more and more difficult to increase the energy surcharges.
- A shortage of some chemicals is also anticipated, both for pulp production (eg. Nouryon) and papermaking.
- The shortage of wood has led some pulp mills to stop production in different European countries.

## 3. Special Subject Dossiers

### 3.1. Extended Producer Responsibility applied to bales wires (Anna M. Wessman, EPIS)

The UTIPULP Chairman welcomes Anna Maija WESSMAN, Secretary General of EPIS. He mentions that EPIS has contacted UTIPULP in August in order to raise alert on the potential consequences of the Directive addressing packaging waste. He then gives the floor to AM WESSMAN, who presents a brief on this matter (see slides).

Directive 2018/852 of the European Parliament and of the Council of 30 May 2018 on packaging and packaging waste, requires the application of Extended Producers Responsibility (EPR) schemes for all packaging, by 31 December 2024 (some member states have earlier deadlines).

The metal wires bundling the bales are considered as a packaging, which means that a EPR scheme will have to be applied to them.

In practical terms, an EPR scheme means, that there is a need to:

- **define the responsibilities of all actors** involved (producers placing products on the market of the Member State, private or public waste operators, ...).
- **set waste management targets.**
- Ensure that a **reporting system is in place** to gather (i) **data on the products** placed on the market of the Member State by the producers of products and (ii) **data on the collection and treatment of waste** resulting from those products.
- Ensure **equal treatment of producers of products regardless of their origin or size, without placing a disproportionate regulatory burden on producers.**

AM WESSMAN reports that EPIS has several concerns about these requirements:

- The rules of EPR schemes are administratively demanding.
- It is challenging to find out about all the rules, as they are not the same in all EU-countries.
- It is costing disproportionately to register for various EPR systems.
- The EPR guidelines by the European Commission are not yet ready and available to guide on such questions regarding EPR schemes.

She mentions that, in order to improve the situation, EPIS has contacted CEPI, and in August UTIPULP, in order to draft a statement, in the short term, that could be jointly signed by EPIS, UTIPULP and CEPI.

EPIS proposes in parallel to:

- Seek exemption from EU (together with associations with similar interest?).
- Establish a simple EPR-scheme?
- Establish if needed a Working group.

The UTIPULP chairman thanks AM WESSMAN for this presentation and mentions that UTIPULP will have to reflect on this topic, that is indeed an administrative burden without environmental value added.

Once AM WESSMAN has left the room, delegates discuss the issue, whose practical consequences are not perceived as very clear for the pulp users.

One delegate introduces the idea that it could be worth asking again EPIS that pulp suppliers find a new material bundling bales, which do not cause problems to the pulp users.

**Agreed:**

- ***The UTIPULP Secretariat will analyse more in depth the likely practical consequences of this regulation and send a memo to the Excom.***
- ***Based on this memo, the Excom will decide on the next steps. Delegates who have an interest in following this matter are invited to inform PA LACOUR, so that they can take part in the discussion.***
- ***Contacts with EPIS will introduce the idea that they should find a new material bundling bales that do not cause problems to the pulp users***
- ***The delegates will be informed of the next steps.***

### **3.2. Regulation on deforestation**

PA LACOUR presents some of the provisions of the draft Regulation on deforestation and forest degradation. This regulation, currently under discussion within the EU institutions (Commission, Parliament, Council) has the objective to curb deforestation. When put in force (18 months after its adoption, that will happen in H1 2023), this regulation will have a substantial effect on the paper value chains, as the provisions it contains are much more demanding than the EU Timber Regulation.

Among the main problems that have been identified, he mentions:

- Legal risks when wood will come from “degraded forest” (if the definition of “forest degradation” remains the one proposed by the Commission)
- The “bureaucratic nightmare” of the geolocalisation of the plots where have been harvested the woods used to produce a given bale of pulp or reel of paper (the same applies to the time range of harvest).
- The legal problems for companies to enter in a central EU register the list of their clients, and the volume of the sold products.

## **4. Association Topics**

### **4.1. Statistics**

PA LACOUR recalls that a question was raised during the last general assembly (see item 1.3 of the minutes) whether it would be possible for Europulp to circulate a more detailed information on the port statistics.

As agreed, Paul BARTMAN contacted the Europulp President, and got the following answer: *“The agreement we have with the ports and in line with compliance rules, we’re not able to publish individual ports’ inventory statistics. Statistics need to be grouped by country or by region in the case of countries with single ports. AIAC, shares inventories by port with its members, but I do not know of any other European association that publishes similar statistics.”*

Consequently, port statistics coming from EUROPULP will not be modified.

### **4.2. New Vice-chair / Excom**

The Chairman mentions that a new vice-chairman as well as a new Excom member should be appointed. Mustapha Zaoug and Charo Viejo have respectively accepted to have these positions.

#### **Agreed:**

- ***Mr Mustapha Zaoug becomes Vice-Chairman, until the General Assembly of Spring 2024.***
- ***Mrs Charo Viejo Chavez becomes member of the Executive Committee.***

### **4.3. Feed-back from the delegates on the new website**

PA LACOUR mentions that the new system to access to the “members only” part of the website requires new rules, in order to secure the safety of the information. The new rules are agreed by the delegates.

#### **Agreed:**

- ***If a colleague of a delegate wishes to have access to the „membres only“, the request must come from the delegate (or the delegate must be in cc of the request).***
- ***If a delegate’s colleague leaves the company, the delegate is kindly requested to inform the UTIPULP Secretariat, so that the access is not possible any longer.***
- ***Once a year (in January), the list of colleague(s) (if any) who have access to the „members only“ will be approved by the delegate.***

Members are invited to make comments on the new website, so that the UTIPULP Secretariat can take care of the requested improvements.

## **5. Any other business**

In preparation to the FSC General Assembly, that will take place on 4-14 October in Indonesia, the question is raised whether there is a position of the Economic Chamber on the membership of BRACELL, one of the companies of the RGE group. The question is raised, as a membership of this company, belonging to a group with controversial environment credentials, could have various detrimental effects.

PA LACOUR mentions that he has no information on this matter and will contact CEPI (that is involved in FSC International) in order to know more.

## **6. Close out**

### **6.1. Date and location of the next meeting**

The Secretary reports that Jacek Los has informed him that his association (SPP) has kindly agreed to host the next General Assembly 2023 in Poland.

The date of the next meeting is **30 March 2023 (8:30/12:30)** with the Excom on **29 March (14:30/15:45)**.

The location of the meeting will be circulated in due time.

### **6.2. Close**

The Chairman thanks the delegates and closes the meeting.

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