

UTIPULP

COPENHAGEN - SEPTEMBER 29th, 1992

GENERAL MEETING

MINUTES

UTIPULP

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COPENHAGEN - SEPTEMBER 29th, 1992

- ATTENDEES -

BELGIUM

Mr	F.	CHARLIER	INTERMILLS
Mr		JANSSENS	SCOTT

DENMARK

Mr	E.	LADEGAARD	PAPYRUS FORENEDE PAPIR
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FRANCE

Mr	D.	BINET	ARJO WIGGINS
Mr	J-F	BOISSON	UTIPATES
Mr	F.	LATOURE	AUSSEDAT REY
Mr	C.	SIBILLE	SIBILLE DALLE

GERMANY

Mr	P.	DAUSCHA	ZANDERS FEINPAPIERE AG
Dr	H.	MEIDENBAUER	FELDMÜHLE NOBEL AG
Mr	P.	WINKLER, Chairman	HAINDL PAPIER GmbH

ITALY

Mr	A.	FEDRIGONI	FEDRIGONI
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NETHERLANDS

Mr	M.	K. LAAN	INKOOP COMBINATIE
Mr	T.P.	van der STEENSTRAETEN	KNP Papier B.V

PORTUGAL

Mr	J.M.	BYRNE	PAPEIS INAPA SA
Mr	A.J.	SIMAO	RENOVA

UNITED KINGDOM

Mr	R.	BAXENDALE	SAPPI (UK) Ltd
Mr	J.F.S.	DAGLISH	TULLIS RUSSEL & Co Ltd
Mr	C.J.	DEEVEY	U.K. PAPER

UTIPULP

COPENHAGEN, SEPTEMBER 29th 1992

AGENDA

- I - WELCOME AND APOLOGIES**

- II - APPROVAL OF THE AGENDA**

- III - APPROVAL OF THE PREVIOUS MEETING'S MINUTES**

The previous meeting was held on March 27th, 1992

Minutes were circulated on May 15th, 1992

- IV - STATISTICS**

- V - REVIEW OF WOODPULP MARKET**

- VI - ENVIRONMENTAL ISSUES**

- VII- REVISION OF STATUTES**

- VIII- MEMBERSHIP EXTENSION**

- IX- BUDGET 1992**

- X- ELECTION OF THE NEW PRESIDENT**

- XI- DATE AND LOCATION OF NEXT MEETING**

- MINUTES -

Mr Peter M. WINKLER, Chairman of UTIPULP, opens the meeting at 9.00 a.m.

He welcomes all the other participants and then reports upon the apologies for absence. Several members of UTIPULP are not able to join the meeting and gave apologies.

He notes that the Spanish delegation is not represented at all, and that this corresponds to the decision taken by it after the UTIPULP meeting in Barcelona in March 1992, to withdraw from the Association. This despite two letters from M. Peter WINKLER to M. NUNEZ, which have remained unanswered and unsuccessful attempts by the Secretary by phone.

The Chairman welcomes MM CHARLIER and JANSSENS both new representatives of the Belgian delegation, respectively working for INTEMILLS and SCOTT CONTINENTAL. Also Mr Chris DEEVEY, of UK PAPER, new member of the British delegation. Finally, he introduces Mr Jean-François BOISSON, successor of Mr. Pierre VINCENT who quit his job in June. Mr BOISSON will be the new Secretary of UTIPULP.

Minutes of the UTIPULP Meeting – Copenhagen, September 29th, 1992

The duly filled list of participants has been enclosed to these minutes.

Having once again thanked Mr LADEGAARD of the Danish Association for the very nice dinner offered on the preceding evening and made sure the draft agenda was accepted without any amendment, the Chairman proceeded to the first item.

I - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

The previous meeting of UTIPULP was held in BARCELONA on March 27th, 1992.

Minutes of that meeting were circulated on May 15th, 1992.

There was no particular comment about these minutes which were unanimously accepted.

II - ANALYSIS OF THE LAST AVAILABLE STATISTICS

A lengthy discussion was brought in, concerning the reliability of the statistics presented. The first tables of "Statistics 1" showed an important increase in consumption between the first and the second quarters (+14.9 %) at levels never reached before. Those figures were at variance with the reality : the participants declared they had in their own countries an increase included between 0 and 5 %.

Statistics on tables "Statistics 2" (stocks in days) were also regarded as unrealistic, being about 10 days below what the situation does really show in reality.

M. Peter WINKLER asked the Secretary to check the figures with the persons declaring the data for each country, and find out where the mistake might come from.

The participants concluded that an important work on statistics was needed in order to be able to produce realistic data which could be used as an efficient tool. They asked the Secretary to conduct all the necessary queries and works in order to make the documents better. A report should be made for next meeting.

III - REVIEW OF WOODPULP MARKET

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

1- Holland

The Dutch delegates pointed out that the market was weakening in Holland. There was a strong problem of overcapacity which was partly hidden until recently, by the strike in British Colombia.

2- France

Stocks were said to be very high in France. All the troubles seemed to come from the overcapacity and not the consumption which had risen overall. There was therefore no increase in pulp consumption in sight.

It was also pointed out that there had been a stock transfert between mills and ports where stocks are at their highest.

3- Danemark

The Danish delegate said there was still a lot to do with deinking plants in his country. As for the overall situation, he fully agreed with his colleagues.

4- Germany

The German delegates stated that their main concern was a drop in turn-over, because of the turmoil on the monetary markets. They also said that on the top of it, the expectations from the reunification had not been met, and that Germany was also entering a recession. A lot should depend on the new capacities and the capability of pulp producers to produce less, and therefore to regulate the market.

An other main concern was the chlorine-free paper issue, which might have very important consequences on the domestic and then later, Eueopean market.

5- Portugal

The Portugese delegates said that he situation in their country was very similar to those of their colleagues'.

6- Italy

The Italian delegate agreed with the way the situation had been pictures by his colleagues, emphasising on the fact that in Italy as well, stocks in mills had decreased and stocks in ports increased dramatically.

7- United Kingdom

The British delegates said there had been two major events in their country over the summer. First stocks had gone up (+31 %), reaching between 2 and 3 weeks of consumption. In the same time, imports of pulp had increased by 12 %.

The second point is the increase of prices in the UK, because of the devaluation of the British pound. For instance a ton of NBSK pulp costing US\$600 was worth £300 a month ago and was, at the date of the meeting, worth £350. There can not be any increase in prices in dollars in the UK in a near future.

Beside, the economic situation is still very difficult, partly because of the high interest rates, which sort of freeze any evolution.

8- Belgium

The Belgian delegates agreed with the comments made by their colleagues.

Overall, the pulp and paper market was concerned by two main issues. The problem of overcapacity. Despite an increase in consumption, supply was growing faster than demand and therefore stocks were built up and prices remained low.

The other concern came from the monetary turmoil which has occurred over the last third of September. One of the consequences was a come back to a traditional repartition of market share between the different grades of pulp. It was stated that there was a huge surplus of eucalyptus pulp on the market.

IV - ENVIRONMENTAL ISSUES

Since the initiative of 3 German paper manufacturers during the summer, stating they were producing chlorine-free paper and that, this could only be done with pulps bleached with TCF process, the discussion, which was already a very "touchy" matter in Germany, has been steered-up and now threatens to spread all over Europe.

The issue is that due to public pressures (organizations like Greenpeace amongst others), there is an increasing demand for TCF-bleached pulp in order to produce so-called "chlorine-free" papers. The problems being :

- 1) There is enough TCF pulp on the market to supply the demand in Germany.
- 2) Consumers are not ready to pay an extra-cost for chlorine-free paper. Price premium should then be beared by paper consumers, which the current situation does not allow.
- 3) ECF-bleached pulp is more and more comun in Europe. Skipping to TCF processes would imply very important investments which can not be implemented considering the current situation of the industry.
- 4) Scientific experiments show clearly that the impacts on the environment of ECF and TCF processes are both very similar and anyway do not have any damaging consequence on the environment.

- 5) Scientific experiments prove that even in papers manufactured from TCF-bleached pulp, a fair amount of chlorinated compounds could be found. Even in unbleached pulp, evidences of chlorine have been found. Totally chlorine-free paper does not physically exist.
- 6) The issue is therefore very emotional and is all the more difficult to deal with.

At Mr Peter WINKLER's request, delegates gave a brief description of the situation in their own countries.

1- Denmark

In Denmark, people are waiting for further developments in Germany. The majority of chemical pulps bought in Denmark is ECF. However, a special grade of pulp made from waste papers is sold as TCF.

2- United-Kingdom

There is a demand for TCF but still very small. There could be a possibility to have an increase in prices when selling TCF pulp because of the special process, but volumes remain very small.

3- Italy

ECF pulp is being exported but there is no domestic demand. ECF is labelled as "chlorine-free". TCF pulp is also sold (very small volumes) but without premium. Whatever sort of pulp (ECF/TCF), the exact content and analysis is declared for each shipment.

4- Belgium

TCF pulp is for export only. The domestic market is only concerned by standard pulp.

5- France

There is no domestic demand for TCF nor ECF. Problems arise when trying to export paper to Germany or Austria. The policy of the French Paper Industry, which is very concerned by the issue, is :

- there is a need for a strict definition of chlorine-free paper
- there is a need to standardise the methods of experiment at a European level
- there is a need to explain the danger of other bleaching processes
- there is a need to explain that papers made from TCF-bleached pulps do not meet the requirements of customers in terms of quality.

6- Portugal

There is no pressure on the domestic market. Almost no TCF is produced and very little of ECF. Like in France, problems arise when trying to export to Germany and Austria.

7- Holland

The situation in Holland is half way between Germany and the other countries. There is a demand for TCF pulp for uncoated woodfree papers. Customers need a proof that the paper manufactured is really going to be chlorine-free. It is very difficult to rise up prices even when supplying TCF-bleached pulp.

All the participants agreed on the necessity of a reaction at a national and international level. Taking environmental issues as a whole appeared to be a key to the problem. Eco-labelling could be a way to follow and should be studied for next meeting. So far, almost anything can be sold as "chlorine-free" pulp, but this situation might not last and then the situation which applies in Germany, might soon spread all around Europe.

For the delegates' information, a copy of a draft proposal of the CEPI Organisation on chlorine-free issues was distributed. Without taking part in the debate on what is chlorine-free and what is not, the CEPI stated the scientific facts which prove that ECF nor TCF represent any danger for the environment, and that there is no scientific reason to prefer either one or the other for the sake of the environment. This document has been attached to the minutes.

V - REVISION OF STATUTES

Mr. Jean-François BOISSON, presented the revised version of the statutes as defined during last meeting in Spain in March 1992. The second draft had been submitted to French lawyers in order to ascertain that the statutes would meet the requirements of the European Commission.

The fourth draft contains all the necessary mentions in this respect. Mr Peter WINKLER suggested the delegates to study the new text and to send the Secretary their comments within 2 weeks, so that the statutes could be adopted for good.

The delegates asked the Secretary to suppress the number of seats allocated to future members, the figure of which could be determined according to the respective tonnage consumed. This can only happen whenever a new member wishes to join the Association.

A copy of Draft-4 (Statutes and Rules of Application) has been attached to the minutes.

VI - MEMBERSHIP EXTENSION

Mr Peter WINKLER reported upon the answers received by the Secretariat following the sending of a letter of invitation to not-yet-member Associations in Europe. The letter was sent to the Swedish, Finnish, Norwegian, Austrian and Swiss Federations together with a copy of the draft statutes. A copy of the letter is attached to the minutes.

At the date of the meeting, the Secretary had received two answers only. One from the Swiss Federation which does not wish to join UTIPULP (a copy of the answer has also been attached to the minutes) and a phone call from Mr FORLO of the Austrian Federation, who was rather interested but who requested further practical information (participants, annual contribution, frequency of meetings). There had been no answer from the other Federation.

As far as the Spanish delegation is concerned, it was decided to consider that they should pay their share for 1992.

VIII - ELECTION OF THE NEW BOARD

Mr Peter WINKLER's term coming to its end, it was proceeded to the election of a new President. Mr Dominique BINET was unanimously elected. He thanked his colleagues for their support and stated that he will achieve his mission so that to correspond to the expectations of the Group. He also thanked Mr. Peter WINKLER for the work done over the past two years. Mr WINKLER thanked his colleagues in turn saying it was a very interesting experience.

Mr Martien LAAN was unanimously elected Vice-President. He thanked his colleagues for their confidence.

VII - NEXT MEETING

The next meeting of UTIPULP will be held in LISBON on :

FRIDAY, MARCH 26th, 1993

The official dinner will be arranged on the preceding evening.

Having gone through all the items on the agenda, the Chairman thanked participants and closed the meeting at 12.30 p.m.

Minutes of the UTIPULP Meeting – Copenhagen, September 29th, 1992

**MODIFICATION P.4 OF THE PREVIOUS MINUTES
LISBON - MARCH 26th, 1993**

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