

UTIPULP

NICE - APRIL 20th, 1994

GENERAL MEETING

MINUTES

UTIPULP**NICE - APRIL 20th, 1994****- ATTENDEES -****BELGIUM :**

Mr Joao	FERNANDES	PWA MABELPAP S.A.
Mr Firmin	FRANCOIS	COBELPA

DENMARK :

Mr Eilif	LADEGAARD	PAPYRUS FORENEDE PAPIR
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FRANCE :

Mr François	LATOIR	AUSSEDAT REY
Mr Christian	SIBILLE	SIBILLE DALLE

GERMANY :

Mr Robert	INÄBNIT	ZANDERS FEINPAPIER AG
Dr Klaus-Dieter	KIBAT	V.D.P.
Mr Wolfgang	URBAN	STORA PURCHASING AND TRANSPORT GmbH
Mr Peter	WINKLER	HAINDL PAPIER GmbH

ITALY :

Mr Alessandro	FEDRIGONI	Cartiere FEDRIGONI & C s.p.a.
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NETHERLANDS :

Mr Martien K.	LAAN	Inkoop-combinatie "De EENDRAGT" b.v.
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PORTUGAL :

Mr José Manuel	BYRNE	PAPEIS INAPA S.A
Mr Antonio	SIMAO	RENOVA

UNITED KINGDOM :

Mr Bryan	BATEMAN	BPBIF
Mr Richard L.	BAXENDALE	SAPPI (U.K) Limited
Mr James	DAGLISH	TULLIS RUSSELL
Mr C.J.	DEEVEY	UK PAPER Plc
Mr G. T.	MANDL	THOMAS & GREEN Ltd

SECRETARY :

Mr Jean-François	BOISSON	UTIPATES
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UTIPULP

GENERAL MEETING

NICE, APRIL 20th, 1994

- AGENDA -

- I - APPROVAL OF THE AGENDA
- II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES
 - The previous meeting was held in Brussels on October 1st, 1993.
 - Minutes were circulated on December 3rd, 1993.
- III - STATISTICS
 - Analysis and comments of the last available statistics.
 - Monthly statistics.
 - TCF and deinked pulp statistics.
 - CEPI "Post-92" pulp statistics.
 - Other matters.
- IV - REVIEW OF THE WOOD-PULP MARKET AND ENVIRONMENTAL ISSUES IN EACH COUNTRY :
 - Demand for paper.
 - Market pulp situation.
 - Chlorine issue.
 - Recycling issue.
 - Forestry issue.
 - Green movements campaign.
- V - UTIPULP 1993 ACCOUNTS - 1994 BUDGET
- VI - CONSTITUTION : UP-DATE
- VII - GUEST-SPEAKER FOR NEXT MEETING
- VIII - MISCELLANEOUS
- IX - DATE AND LOCATION OF NEXT MEETING

- MINUTES -

Due to unexpected obligations, Mr BINET, Chairman of UTIPULP, was unable to attend and chair the Meeting.

In his absence, Mr LAAN, Vice-Chairman, opens the Meeting at 2.00 pm.

He first presents Mr BINET's apologies, and also those of a two other members :

- Mr Theo VAN DER STEENSTRAETEN, who has been given new responsibilities within KNP-BT and who will not be able to attend UTIPULP Meetings in the future. Mr LAAN stated he will seek a solution, in order to keep KNP within UTIPULP. An answer should be given before next Meeting.
- Mr JANSSENS, member of the Executive Committee, who has resigned from his position with SCOTT. A replaceant for Mr JANSSENS has to be found since he is the Belgian member of the Executive Committee, and this provision is mandatory according to the Belgian law.

Mr FRANCOIS, Délégué Général of the Belgian Association said he would find a solution before the summer.

I - APPROVAL OF THE AGENDA

The agenda was unanimously accepted.

II - APPROVAL OF THE MINUTES

Mr FRANCOIS pointed out that the Belgian Association mentioned in the Minutes page 6 is not only related to the graphic chain, but to the whole paper chain.

Besides this remark, the minutes were approved.

III - STATISTICS

3.1 Analysis and comments of the latest available statistics.

The Secretariat had managed to obtain the Statistics for the first quarter 1994. The results show an increase in consumption to 2.815.000 tons (+ 2%) compared to december 1993. This is merely the result of the beginning of 1992.

Mr SIBILLE expressed his surprise for the small increase in total, compared to the buoyant situation which prevails everywhere in Europe.

Stocks have gone up a little bit (up to 921.000 tons), but still represent 29 days of consumption. This situation was judged as "odd", since the number of days of consumption in stock has almost not varied since 1989, according to the statistics.

A lengthy discussion went on, on the accuracy and reliability of the statistics.

- As to the fulfilment of the definition :
 - Portugal indicated that there are no stocks in harbour whatsoever in Portugal, since the pulp which is delivered goes straight to the mill.
The situation of this country is therefore clear and Portugal shall not be mentioned at the bottom of the statistics as not fulfilling the definition.
 - Italy said that harmonising domestic practices was a long term task, and could not be solved over-night. Mr FEDRIGONI said he was doing his best to convince the other main Italian companies, but that it was quite difficult.
It was decided that Mr FEDRIGONI should continue to act towards the same aim, and that a letter should be sent to ASSOCARTA in order to draw their attention once more , on the issue.
 - Belgium stated that they shall continue to motivate their members, in order to fulfil the definition.

- UTIPULP members also requested that the fact that consignment stocks are not included in the definition, should be stressed on each questionnaire.

The statistics of the whole year 1993 were also commented, as well as the analysis made by Mr BOISSON.

The figures show for 1993 a drop of supply of about 5% in 1993 compared to 1992, an increase in demand of about 1,5%, and a sharp decrease in inventories of about 19% in total.

The fourth quarter shows the traditional end-of-the-year fall. The effect of purchases made by some agents was mentioned as having an impact on the results. Also the fact that SCAN-purchasers are not included in the statistics (which has an impact on HW consumption).

The impact of the Chilean boycott of CEPI-PULP Statistics in 1993 was discussed and it was agreed that the lack of this information was a great loss. It was decided :

- to contact Mr STENBERG of CEPI-PULP in this respect,
 - to contact the Chilean Association and express our concerns.
 - to contact a few Chilean producers to make them sensitive to the issue.
- Mr LAAN shall do that.

Mr BOISSON mentioned a letter received recently from Mr WINKLER regarding statistics 4a, and stating that it was not possible that the volume of non-fibreous raw materials consumed would decrease, as shown in table 4a.

An explanation of the calculation was given, and it was agreed that the "10% scrap" was probably not true anymore.

In order to solve the problem, it was decided to contact ECC as soon as possible, and to find out whether they would be ready to share their data concerning filers.

Mr MANDL finally asked why the figures, for UTIPULP (stat 1) had changed from 1990 onwards. Mr BOISSON replied that it was due to a major change in one member's figures.

3.2 Monthly statistics

The issue was discussed again. Mr BOISSON informed the participants that a first monthly exchange between France and the UK had just taken place. It was considered by both countries as a very valuable tool, in particular because it was issued quickly after the end of the month. Every country was asked what could be done in this respect :

- Germany said that because of a lack of staff, and also because no East-German data was available, monthly statistics are impossible.
However, Mr WINKLER will mention the issue during the next German Pulp Committee.
- Italy said it would be even more difficult than fulfilling the definition,

- Belgian said it was not a priority for the Association, and despite the high interest of such statistics, it should be a difficult task,
- Portugal and Danemark said they had to consult before giving any answer,
- The Netherlands said this should be possible.

3.3 TCF and deinked pulp statistics

According to the decision of the previous Meeting, Mr BOISSON had gathered some statistics on both TCF production/Capacities and recycled market pulp.

A mistake appeared in the table related to TCF. The edited version is attached to the Minutes. Greenfield project was mentioned, but no particular news given.

It was decided that UTIPULP should continue to collect data on the issue, and that members should think over the tables and comment for next meeting.

3.4 Capi Post-92 Statistics

The concept was said to be interesting, but on the other hand, should the statistics be published more than 6 months after the related period, they are deemed to be useless.

3.5 Other matters

Mr BOISSON asked the participants if, considering the growing interest in TCF and recycled market-pulp, it would not be interesting to set up new statistics related to those issues.

The decision was to wait until the situation is clearer before doing anything. Moreover the German Federation had decided to avoid compiling "chlorine-free" statistics.

IV - REVIEW OF THE WOOD-PULP AND PAPER MARKET

PULP AND PAPER MARKET

- **UK :**

1993 was a fairly good year in the UK, in particular compared to many other European countries. 1994 is expected to be good also.

As far as paper is concerned, 1993 showed an overall growth of production of 4% (with up to 15% for coated grades).

Since the beginning of 1994, demand has been very strong (4-10 weeks of orders), it is difficult to appreciate whether this corresponds to restocking or real consumption.

Demand of pulp is currently strong. It is difficult to increase inventories in particular of HW.

The future remains a question mark.

- **BELGIUM :**

Same as in many european countries. The problem is how to pass the increase of pulp prices on paper prices. In particular wood-containing papers have more difficulties.

- **ITALY :**

Despite a difficult situation in the economy and political turmoil, the paper market is doing pretty well.

- **FRANCE :**

The activity has been good since November 1993. At present, all machines are well booked. It is also difficult to determine the share restocking is taking compared to real consumption.

According to Mr SIBILLE, the increase of pulp prices is partly due to the increase of inventories, itself due to misinformation circulated by producers about wood supply.

- **GERMANY :**

An important part of the increase in consumption is due to the increase of reels, which are actually purchased by printers. This could be a sign that after all, real consumption has increased.

There is a difference between woodfree (quite buoyant) and woodcontaining grades (quite stable).

Mr WINKLER stated that the US are protesting against the price of European papers, judged as "too low". They would very well set up anti-dumping measure to counter this fact. SW pulp demand is strong, but the market is not overheated (not too much delays). Some "technical problems" are often put forward by suppliers. It is difficult to obtain extra-tonnage.

The greatest difficulties are linked to HW pulp.

- **DANEMARK :**

Demand is high (5-6 weeks of orders).

Because the country is small, it is difficult to put efficient pressure on suppliers, Eucalyptus is difficult to obtain and companies have sometimes to use other pulp grades to maintain the production.

- **PORTUGAL :**

It is difficult to have HW pulp, and to increase pulp inventories. Most of the delays are done "on purpose". The information that pre-mature eucalyptus had been cut already was given. This, added to a new regulation reducing the plantations, is a serious issue for the future.

ENVIRONMENTAL ISSUES

GERMANY :

- TCF is out of the line for the moment, the increase of TCF overall is not as strong as expected. The new hot issue is now clear-cuttings.

- Greenpeace issued a few position papers on the issue, defining some sort of "forbidden practices". VDP is very active in this sector.
- It was said that until the closed-loop mill is set-up, TCF demand should continue to grow, even if the growth is slower.
- Deinked market pulp is not yet an issue.
- The Töpfer Ordinance has also been modified, and is now towards free-volunteering. Nobody can really predict the impact of the elections on this regulation.
- As far as the Packaging Ordinance is concerned, it has been established that some actions should be taken in order to resist better the plastic Industry.
- Virgin fibers taxation is being discussed. This is going to be a very "fashionable" issue. The elections should not change much in this respect.

UK :

- Mr BATEMAN reminded the participants that the eco-label for tissues had recently been adopted. It is likely that other grades (xerographic papers) would follow.
- A new standard for the classification of waste-papers has just been drawn up in the U.K.
- A new Packaging Ordinance, "à la British" has also just been set up. Newsprints are excluded.
- On the forestry issue, some British retailers have clearly stated that they would not purchase papers manufactured with virgin fibers of tropical forests.
- Greenpeace seems to have adopted a new strategy ie to focus on one company at a time (ie Mc Donald).

BELGIUM :

- The eco-tax has not been applied to paper yet. The Government has accepted that it is not possible to control the content in recycled fibers. It is therefore postponed until end 1994.
- A very broad analysis supported by unions and the Paper Chain Forum has been carried out, on the life cycle and impact.
- The new target for the Paper Chain Forum, is to inform the public opinion and children in particular.

The other countries confirmed those issues were also of major importance at home.

V - BUDGET & ACCOUNTS

Mr BOISSON presented the budget 1994 and the final account 1993. The latter show a 7.000 FF profit.

As to the 1994 budget, the contribution required amounts to FF 70.000. This is slightly higher than in 1993 and corresponds to the increase of time spent for statistics.

Both were unanimously accepted as well as the split, and Mr BOISSON was asked to call up the contribution as soon as possible.

VI - CONSTITUTION - UPDATE

Mr BOISSON informed the participants that the signing of the statutes had been completed in February, and that he had sent the whole package to the Belgian Ministry of Justice. A note, stating that the application was in order had been received and the only thing now is to wait for the approval.

VII - GUEST-SPEAKER

The idea of inviting an other speaker to next Meeting was supported. Two proposals were made :

- someone specialised in German forestry issues,
- a specialist of HW in Portugal.

Things will have to be sorted out with Mr WINKLER before the summer.

VIII - MISCELLANEOUS

Mr LAAN read a letter received from Mr DAUSCHA in December, informing UTIPULP of his retirement.

Considering the significant contribution of Mr DAUSCHA's knowledge of the pulp and paper issues for UTIPULP, it was decided that a letter shall be sent by the Chairman, to wish Mr DAUSCHA a happy retirement.

Mr MANDL informed his colleagues that Czech mills had run out of pulp and therefore had to stop. These mills, seems to have the greatest difficulties in adapting themselves to the open-market conditions.

IX - NEXT MEETING

According to the former meetings, it was decided that Italy should host the next UTIPULP Meeting. The exact place shall be determined later (Mr FEDRIGONI shall inform the Secretariat as soon as a solution is found with ASSOCARTA).

However a date was fixed :

**October 6th 1994 in the evening,
: Social Dinner**

**October 7th 1994 in the morning,
: UTIPULP Meeting**

Having gone through all the items of the agenda and thanking his colleagues for the very fruitfull meeting. Mr LAAN closed the Meeting at 6.00 pm.