

UTIPULP

WIEN - SEPTEMBER 27th, 1996

GENERAL MEETING

MINUTES

UTIPULP

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- ATTENDEES -

AUSTRIA :

Mr	Paul	BARTMANN	NEUSIEDLER Aktiengesellschaft
Mr	Helmut	MEISL	KNP

BELGIUM :

Mr	Joao	FERNANDES	SCA HYGIEN PAPER
Mr	Fred	VAN DEN KEYBUS	DENAEYER PAPIER N.V.
Mr	Firmin	FRANCOIS	COBELPA

DENMARK :

Mr	Eilif	LADEGAARD	STORA PAPYRUS A/S
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FRANCE :

Mr	Dominique	BINET	ARJO WIGGINS
Mr	François	LATOUR	AUSSEDAT-REY

GERMANY :

Mr	Rüdiger	BÄCKER	HANNOVERSCHE PAPIERFABRIKEN
Mr	Peter	WINKLER	HAINDL PAPIER GmbH
Dr.	Klaus-Dieter	KIBAT	V.D.P.
Mr	Wolfgang	URBAN	STORA PURCHASING & TRANSPORT GmbH

ITALY :

Mr	Alessandro	FEDRIGONI	CARTIERE FEDRIGONI & C s.p.a
Mrs	Gloria	RICCIONI	CARTIERE BURGO

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	Joao A.	LANCA RODRIGUES	CELPA
Mr	Antonio	SIMAO	RENOVA

SWITZERLAND :

Mr	Nicolas	MÜHLEMANN	PAPIERFABRIK BIBERIST & UTZENSTORF
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UNITED KINGDOM :

Mr	Bryan	BATEMAN	THE PAPER FEDERATION OF G. BRITAIN
Mr	Richard L.	BAXENDALE	SAPPI EUROPE WOLVERCOTE PAPER MILL
Mr	Georges	MANDL	THOMAS & GREEN Ltd
Mr	James	DAGLISH	TULLIS RUSSELL

SECRETARY :

Mr	Bernard	LOMBARD	UTIPATES
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UTIPUL

General Meeting

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- AGENDA -

I - APPROVAL OF THE AGENDA

II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

- The previous meeting was held in Berlin on March 28th, 1996.
- Minutes were circulated on May 7th, 1996.

III - GENERAL ISSUES

- a) New membership : SWITZERLAND
- b) Utipulp statistics : analysis & comments
- c) Future market(s) for forest products (Helsinki/London)
- d) Elections : Chairman & Vice-Chairman
- e) Secretary of UTIPULP
- f) Date and location of next meeting

IV - ANALYSIS OF THE PULP AND PAPER MARKETS

V - ENVIRONMENTAL ISSUES

- Forest certification
- TEF pulp : demand & production

VI - MISCELLANEOUS

- MINUTES -

Mr LAAN, Chairman of UTIPULP, opened the meeting at 8 : 30 a.Mr He welcomed the participants with a special address to MR Nicolas MUHLEMANN (PAPIERFABRIK BIBERIST & UTZENSTORF) from SWITZERLAND, country that joins UTIPULP, and thanked the Austrian Association for all the organization.

Mr LAAN read also an extract of a letter from Mr SIBILLE announcing that he won't attend UTIPULP meetings anymore, after 20 years of faithful collaboration since he stopped most of his activities within the Paper Industry a few weeks ago. Mr BINET and Mr LATOUR said also a little word in the name of Mr SIBILLE who did appreciate these meetings.

I - APPROVAL OF THE AGENDA

The agenda was approved.

II - APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were previously modified according to Mr WINKLER's remark about the point IV MISCELLANEOUS. The last version of the minutes were unanimously approved.

III - GENERAL ISSUES

a) New membership : Switzerland

SWITZERLAND, with Mr MÜHLEMANN, was already represented in Berlin. Since that meeting the Swiss Federation applied for UTIPULP membership. This application was welcome BY all the members of UTIPULP. SWITZERLAND is henceforth member of UTIPULP. Mr LOMBARD has to achieve all the formalities in cooperation with the Swiss delegation and to determine the number of seats within the assembly.

b) UTIPULP Statistics : analysis and comments

- Mr LOMBARD made a short comment on UTIPULP quarterly statistics. Mr BAXENDALE said that the late pulp evolutions were mainly due to stocks movements rather than real consumption.
- Mr LATOUR proposed to add a new graph to the document putting together pulp world stocks at the paper mills and at the producers. Another sheet will therefore be added with the unanimous agreement.
- Mr WINKLER said that it would be of great interest to have other countries switching from quarterly to monthly statistics within the delay requirements. At this time, only 4 countries (UK, France, Germany and Austria) are exchanging on a monthly basis, and are fully satisfied with the statistics.
- Further to a remark from Mr BINET about the definition of several terms within the American quarterly statistics (consumption and deliveries), Mr LOMBARD will provide the assembly with all the sources of information which are referred to and all the definitions required at the next UTIPULP meeting.

c) Future market(s) for forest products (Helsinki, London)

The new attempt to create a future market on pulp in Finland (FOEX) rose scepticism among the participants. Some of them said that this kind of market won't affect the real market. Anyway there are numerous examples that such a market don't stabilize raw material prices. On the contrary, most of the time volatility increase because of speculators' interventions who don't take into account manufacturers' point of view.

A future market has to be seen as a tool to minimize the risks relative to purchasing and selling at a fixed date. The Finnish future market has nothing to do with physical deliveries. It allows paper & board producers to agree on prices at a fixed date with their customers and to preserve margins.

The start of this market requires at least 20-30 operators. A wait and see attitude from them could delay the start. A training period could be proposed in order to know how it runs. Furthermore, other financial places with much more activity and experience in such markets (London, Chicago...) would present more guarantees.

d) Elections : Chairman & Vice-Chairman

United Kingdom has been chosen to take the chairmanship for the next 2 years. Mr BAXENDALE will take this responsibility for the year 1997 and consequently for the next 2 meetings. The U.K. delegation will then propose someone for 1998.

Vice-chairmanship is taken by Portugal for 1997 and 1998 ; Mr BYRNE is the new Vice-Chairman.

e) Secretary of UTIPULP

Mr LAAN said that France was ready to keep the Secretary unless another country wants to take it. As no country showed any interest, Mr LOMBARD (France) will keep the Secretary for the moment.

f) Date and location of the next meeting

France proposed to organize the next meeting either **in Paris or in another large city on the 21st of March 1997**, with an official dinner on the 20th. Mr BINET proposed to visit a paper mill or a pulp mill on that occasion.

IV ANALYSIS OF THE PULP AND PAPER MARKET

1 Paper markets :

- Most delegates agreed that the first 2 quarters were pretty disappointing ; production and consumption appeared markedly inferior to the 1995 level. Downtimes have been required before and during summertime. But, little by little, markets have improved and order books have filled up again.
- Coated papers consumption knew a difficult period all along the first semester because of widespread destocking movements, but improvement have been noted since. Uncoated papers seem in a less favourable situation, LWC and newsprint too. Woodfree papers have rung up order inflows increase within the last few months. Sanitary and household papers markets appear relatively stable.
- Globally, paper and board markets situation have really improved. Order books have become bigger thanks to the end of the destocking movements, pulp price increase announcement and better growth economic forecasts throughout Europe. U.S. Economy presents also good economic prospects.

2 Pulp markets :

- « Fragile » was one of the most used word by the participants to qualify the pulp markets situation. 40-50 \$ increase announcement for the NBSK pulp are not fully implemented and is expected to be really effective within the next few months. Price increase for hardwood pulp seems to have been implemented more easily. Effectiveness of the price increase will depend on the paper markets evolution during the last 96 quarter on the one hand, and the ability of the pulp producers to decide downtimes. According to some of the participants, South-Asia buyers are expected to come back and make huge pulp orders by the end of the year.

- UTIPULP members think that pulp price will increase along the year 1997 but at a slow rate. World pulp capacities are not expected to rise significantly in 1997, so the markets could be strengthened. Nevertheless, despite an hypothetical change of mentality from the pulp producers, uncertainty remains the rule on the pulp markets because of their cyclical evolution.

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- **V ENVIRONMENTAL ISSUES**

- 1 Forest certification :**

- Brian BATEMAN reported that some organisations such as W.W.F. have sent inquiry forms to all pulp producers about wood geographic origin. These organizations want to know whether the pulp producers meet forest certification or not. Some countries and some companies are clearly pointed out. A data base has been started in the UK in order to provide customers with information on the sourcing of raw-materials for a given pulp.
- According to Belgium, Germany and Italy, this kind of action has been undertaken in their countries, but most of the time only wood and pulp are targeted, not paper.

- 2 TEF pulp : demand and production**

- Some mills in Scandinavia produce TEF pulp. In Germany, there is no pressure on paper producers to use TEF pulp. Feasibility studies are going on, but it represents quite a lot of money.

VI - MISCELLANEOUS

Nothing to report.

Having gone through all the items of the agenda, Mr LAAN closed the meeting at 12 : 30 p.Mr