

UTIPULP

PARIS - MARCH 21st, 1997

GENERAL MEETING

MINUTES

UTIPULP

PARIS - MARCH 21ST, 1997

- ATTENDEES -

AUSTRIA :

Mr Paul	BARTMANN	NEUSIEDLER Aktiengesellschaft
Mr Rudolf	SEELMANN	SCA LAAKIRCHEN AG

BELGIUM :

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

DENMARK :

Mr Eilif	LADEGAARD	STORA PAPYRUS A/S
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FRANCE :

Mr Michel	BALDUIN	AHLSTROM PAPER GROUP
Mr Dominique	BINET	ARJO WIGGINS APPLETON
Mr François	LATOUR	AUSSEDAT-REY

GERMANY :

Mr Rüdiger	BÄCKER	HANNOVERSCHE PAPIERFABRIKEN
Dr Klaus-Dieter	KIBAT	V.D.P.
Mr Klaus	KRIEG	PAPIERFABRIK SCHEUFELN GmbH & Co.KG
Mr Andreas	LÖHR	ZANDERS
Mr Peter	WINKLER	HAINDL PAPIER GmbH

ITALY :

Mr Alessandro	FEDRIGONI	CARTIERE FEDRIGONI & C s.p.a
Mr Luigi	LAZZARESCHI	DELICARTA
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 João Paulo	CLARA	RENOVA
Mr João A.	LANCA RODRIGUES	CELPA
Mr Antonio	SIMAO	RENOVA

SWITZERLAND :

Mrs Isabelle	HUNZIKER	Z.P.K.
Mr Nicolas	MÜHLEMANN	PAPIERFABRIK BIBERIST AG

UNITED KINGDOM :

Mr Bryan	BATEMAN	THE PAPER FEDERATION OF G. BRITAIN
Mr Richard L.	BAXENDALE	SAPPI EUROPE WOLVERCOTE PAPER MILL
Mr James	DAGLISH	TULLIS RUSSELL
Mr Chris	DEEVEY	UK PAPER

SECRETARY :

Mr Bernard	LOMBARD	UTIPATES
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UTIPULP

General Meeting

PARIS - MARCH 21st, 1997

- AGENDA -

I - APPROVAL OF THE AGENDA

II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

- The previous meeting was held in Wien on September 27th, 1996.
- Minutes were circulated on November 15th, 1996.

III - GENERAL ISSUES

- a) Countries delegations to UTIPULP and number of seats
- b) UTIPULP statistics release to international press and exchange with EPIS
- c) Utipulp statistics :
 - ITALY's monthly statistics exchange
 - analysis & comments
- d) Budget 97 and 96 UTIPULP accounts
- e) Meeting's organization : expenditures sharing
- f) Date and location of next meeting

IV - ANALYSIS OF THE PULP AND PAPER MARKETS

V - ENVIRONMENTAL ISSUES

- Forest certification
- Other environmental matters

VI - MISCELLANEOUS

VII 12.00 noon - Presentation by Mr Xavier BRUCKERT and Mr Lennart LARSSON of OMLX on PULPEX (Futures market for woodpulp based in London)

- MINUTES -

Mr. BAXENDALE, Chairman of UTIPULP, opened the meeting at 8 : 30 a.m. He welcomed the participants with a special address to Mr. Michel BALDUIN (AHLSTROM PAPER GROUP), Mrs Isabelle HUNZIKER (Z.P.K.), Mr Luigi LAZZARESCHI (DELICARTA), Mr. Andreas LOHR (ZANDERS), Mr. Rudolf SEELMANN (SCA LAAKIRCHEN A.G.) and Mr. Joao Paulo CLARA (RENOVA).

Mr. BAXENDALE also thanked the French Association for all the organization and the interesting visit of GREENFIELD's mill at Château-Thierry, and read a letter from Mr. Wolfgang URBAN saying that he won't participate to UTIPULP's meetings anymore because of STORA internal restructuration.

Then Mr. BAXENDALE evoked the qualities of Mr. George MANDL of the English delegation who died a few weeks ago and who was among the very first founder members of UTIPULP. Mr. BAXENDALE added that UTIPULP will miss his great experience and kindness.

I - APPROVAL OF THE AGENDA

The agenda was approved.

II - APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting which took place in Wien on the 27th september of 1996 were unanimously approved.

III - GENERAL ISSUES

a) Countries delegations to UTIPULP and number of seats

- Mr. BAXENDALE reminded all the participants with the rules of our association regarding the number of delegates.

The composition of the General Assembly is as follows :

France, Germany, Italy and United Kingdom : 4 delegates each.

Spain, Portugal, Belgium, Netherlands and Austria : 3 delegates each.

Denmark : 2 delegates

Other countries : 2 delegates each.

The member of a National Association is not counted as a delegate. The Chairman is not counted in the delegation of his country.

- According to the statutes, Switzerland should be allocated 2 seats, but regarding the total of market pulp consumed, Switzerland is near Belgium's and Austria's level. As these countries have 3 seats, everybody agreed that Switzerland has the right to be given 3 seats. Consequently, the Swiss Federation can invite 2 other delegates if they so request.

You will find attached the list of all the countries and the number of seats they are given.

b) UTIPULP Statistics release to international press and exchange with EPIS

- As every member noted, UTIPULP statistics of the 3rd and of the 4th quarters of 1996 have been released to the press (Pulp and Paper International) Mr. BAXENDALE asked the participants to give their opinion on this decision.

All the members approved this decision and think that UTIPULP quarter statistics
Minutes of the UTIPULP Meeting – PARIS - March 21st, 1997

have to be released systematically to PPI and that other newspapers can be provided with them if one ask for it.

- Mr. BAXENDALE have been in touch with Mr. STENBERG from EPIS in order to see how statistics could be exchanged reciprocally. EPIS is an organization which gathers market pulp producers throughout the world. It seems particularly interesting to get their data as NORSCAN figures give only a partial view of the pulp producers side.

EPIS (European Pulp Industry Sector) collects production statistics on :

- bleached chemical paper grades sulphite and sulphate market pulp from the following countries : Argentina, Austria, Brazil, Finland, France (+Belgium), Morocco, New Zealand, Norway, Portugal, Spain, Sweden, South Africa and Switzerland.
- unbleached sulphate market pulp from Finland, Sweden, Austria and Portugal.

Mr. STENBERG gave an agreement of principle to exchange monthly statistics. He also admitted that he has known practical difficulties with his own figures, but said that EPIS's statistics could be available normally on the 25th of each month.

Mr. BARTMANN said that if an exchange has to be done, the statistics have to be received on both sides at the same time.

Mr. BAXENDALE thinks that we can exchange our statistics on a monthly basis but only since January 97 and as total without a breaking down for each country.

According to Mr. LATOUR, statistics exchanges could be done with EPIS progressively : first quarter statistics, second monthly statistics.

c) UTIPULP Statistics

- Mr. BAXENDALE thanked the Italian Association and Mr. TARANTO for providing UTIPULP with monthly statistics and encouraged other countries to do the same.

Some participants have been surprised by the amount of the Italian stocks especially for softwood, but according to Mrs RICCIONI it can be partly explained by the importance of the tissue sector.

Mr. WINKLER added that differences observed on stocks in days from one country to another is also due to the location of suppliers and the distance between producers and buyers. On the long run, pulp flows have evolved and relative importance of Canada or the Scandinavian countries have changed.

- Mr. LOMBARD made a short comment on UTIPULP quaterly statistics and noted that EPIS quarterly statistics are now fully completed for 1995. World pulp inventories remain high at the end of 1996, especially at the producers' mills. The world production is at the higher level since the beginning of the 1990s, but world consumption has never stopped going up since the end of 1995.

- Mr. BAXENDALE drew the attention of all the participants to the fact that total world inventories since 1995 are always contained between 4 and 5 million tonnes (see page 5).

d) Budget 97 and and 96 UTIPULP accounts

- The Secretary apologized for some mistakes that have been made in the 96 accounts and committed himself to provide all the members with them with the minutes.
- UTIPULP 1997 budget was also proposed at 100 000 FF after 95 000 FF in 1996. It was approved by all the participants. The Secretary will say at the fall meeting whether the approved 97 budget covers all the expenses or not. Mr. LOMBARD will also send the table of sharing of expenses for each country with the minutes.

e) Meeting's organization : expenditures sharing

- Because of some confusion, some participants to the last meeting in Wien were asked to pay some part of the meeting organization expenses. It was clearly proposed to reimburse them. As nobody claimed for it, this « affair » is considered closed.
- After a short debate about the different expenditures, it was decided that :
 - * Dinner on the day before the meeting is paid by the National Association
 - * Bedroom and breakfast at the hotel is paid by the participant
 - * Meeting room is paid by UTIPULP
 - * Coffee break is paid by UTIPULP
 - * Lunch after the meeting is paid by UTIPULP

As the National Association already pays for the evening's dinner, it was decided that the lunch after the meeting has to be paid by UTIPULP.

f) Date and location of the next meeting

It was decided that the next meeting shall take place in **Portugal**. The Portuguese members of UTIPULP were thanked for the invitation.

The meeting will be held on **Friday 26th of September**, 1997, with an official dinner on the 25th.

IV ANALYSIS OF THE PULP AND PAPER MARKET

1 Paper markets :

- Most delegates agreed that the order books are globally well filled and that the demand for paper has been good since the beginning of the year. The need for restocking (which is not

unlimited) and the bright prospects of the economic growth in Western Europe and North America are positive factors.

- The order books are near 3 weeks for quite a lot of grades today, especially for the woodfree papers. Capacities utilisation of LWC machines are high. Packaging paper producers have observed a good activity and tissue capacities have increased to satisfy growing demand. But it seems that a little slow down, which has been noted since a few weeks, is feared by the participants.

2 Pulp markets :

- According to some participants, it is not for granted that pulp prices has hit the bottom already. But everybody think that pulp prices will increase within the next few months. The questionmark are when and how much. Price increase is not really expected before end-June.
- An increase of eucalyptus pulp market price has been announced : from 360 ecus/t to 400 ecus/t, but will it be fully implemented ? The situation for NBSK appears to be a bit different as NORSCAN inventories remain at a very high level, more than 2 millions tonnes. Oversupply is a reality and announced downtimes are not fully implemented by pulp producers fo the time being, but one can expect they will be implemented along the next few months.

- **V ENVIRONMENTAL ISSUES**

Nothing to report.

VI MISCELLANEOUS

Mr. BAXENDALE invited all the participants to attend the following presentation of OMLX (Futures market for woodpulp based in London) proposed by Mr. Xavier BRUCKERT and Mr. Lennart LARSSON.

Mr. Xavier BRUCKERT has been asked by Mr. LOMBARD to send all UTIPULP members documents presenting OMLX as soon as possible.

Having gone through all the items of the agenda, the Chairman closed the meeting at 12 : 15 p.m.
