

UTIPULP

LISBON - SEPTEMBER 26th, 1997

GENERAL MEETING

MINUTES

UTIPULP

LISBON - September 26th, 1997

- ATTENDEES-

AUSTRIA :

Mr Paul BARTMANN NEUSIEDLER Aktiengesellschaft
Mr Helmut MEISL KNP

BELGIUM :

Mr Joao FERNANDES PWA MABELPAP
Mr Firmin FRANCOIS COBELPA

FRANCE :

Mr François LATOUR AUSSEDAT REY

GERMANY :

Mr Rüdiger BÄCKER HANNOVERSCHE PAPIERFABRIKEN
Mr Klaus-Dieter KIBAT V.D.P.
Mr Andreas LOHR ZANDERS
Mr Peter WINKLER HAINDL PAPIER GmbH

ITALY :

Mr Antonio BOTTEGA CARTIERE FEDRIGONI & C s.p.a.

THE NETHERLAND :

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

PORTUGAL :

Mr José Manuel BYRNE PAPEIS INAPA S.A.
Mr Joao A. LANCA RODRIGUES CELPA

SWITZERLAND :

Mr Michel FÄSSLER SIHL Zürich

UNITED KINGDOM :

Mr Bryan BATEMAN THE PAPER FEDERATION OF G. B.
Mr Richard L. BAXENDALE SAPPi EUROPE WOLVERCOTE PM
Mr James DAGLISH TULLIS RUSSEL
Mr Brian DILLON INVERESK plc

UTIPULP Secretary :

Mr Bernard LOMBARD UTIPULP

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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 Paris on March 21st, 1997.
- Minutes were circulated on May 21st, 1997.

III - GENERAL ISSUES

- a) UTIPULP statistics release to international press
- b) UTIPULP statistics :
 - Exchange with EPIS and release to international press
 - Analysis of UTIPULP statistics
 - Other issue(s)
- c) UTIPULP accounts
- d) Date and location of next meeting

IV - ANALYSIS OF THE PULP AND PAPER MARKETS

V - ENVIRONMENTAL ISSUES

- Forest certification
- Other environmental issues

VI - MISCELLANEOUS

VII 12.15 - PRESENTATION OF EPIS BY HIS PRESIDENT MR SIMO PESOLA

- MINUTES -

Mr. BAXENDALE, Chairman of UTIPULP, opened the meeting at 8 : 30 a.m. He welcomed the participants with a special address to Mr Antonio BOTTEGA (CARTIERE FEDRIGONI & Cspa), Mr Brian DILLON (INVERESK plc), Mr Michel FÄSSLER (SIHL Zürich) and Mr Jörg BITTERLI (TELA AG). Mr BAXENDALE said he had received a letter from Mr FEDRIGONI advising that due to increasing business engagements he was resigning from UTIPULP with regret and conveying his best wishes to all delegates.

Mr. BAXENDALE also thanked the Portuguese Association for all the organization and the interesting visit of O'RAIZ Forest Center.

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 Paris on March 21st, 1997 were unanimously approved. The minutes were circulated on May 21st, 1997.

III - GENERAL ISSUES

a) UTIPULP statistics release to international press

- Mr BAXENDALE reminded the participants that UTIPULP's Secretariat have released quarterly statistics to international press since the first months of 1997 and have answered all the demands it has received up so far.
- Some participants said that it remains necessary to give UTIPULP a higher profile because UTIPULP is not very well known. They suggested that an article presenting UTIPULP (organization, rules, member countries...) could be sent with the Quarterly statistics release to the press. It could be interesting also to distinguish softwood and hardwood.

b) UTIPULP Statistics

- Mr BAXENDALE and Mr LOMBARD met Mr Simo PESOLA and Mr Bernt STENBERG from EPIS (European Pulp Industry Sector) in the early days of September in Paris. EPIS is collecting statistics concerning market pulp production throughout the world, including North America and the Nordic countries. EPIS already provides UTIPULP with quarterly statistics.

The aim of this meeting was to organize some statistics exchange on a monthly basis. UTIPULP and EPIS agreed to exchange consumption and inventories (volumes and days) on the one hand, and deliveries and inventories (volumes and days) on the other hand on a monthly basis as a total without a breaking down for each country. Each part has to provide the other one with retrospective statistics from January 1997. Eventually, these figures will be released together to the press.

All the members approved this decision, thinking that such an exchange could give much more transparency and a global overview of the pulp market.

After discussion it was agreed that monthly statistics should be released to the press in total but not by individual country.

Exchanging monthly statistics country by country with EPIS could be interesting as we get NORSCAN statistics this way in the press.

Because of practical difficulties with their own figures, EPIS gave only June and July statistics to UTIPULP for the moment.

- Regarding Japan figures, different things have to be precised : the percentage of market pulp volumes the Japanese Association is collecting (100% ?) and the influence of trade houses.
- The impact of Asian companies on market pulp trade has become evident and would require more information. Indonesian figures remain difficult to get (if reliable information exists). On the contrary, Korean figures could be available according to some participants.
- Several new countries decided to start up a monthly exchange of statistics with UTIPULP Secretariat. The following countries will take part in the monthly exchange :

-1st October : NETHERLANDS and PORTUGAL

-1st November : DENMARK and SWITZERLAND

He precisés. After an internal discussion on this issue, it appears that COBELPA is not in the position to provide UTIPULP with monthly statistics on a regular basis because of internal organisation, in spite of the growing interest the Belgian Paper Association has in UTIPULP works.

BELGIUM said that the monthly statistics exchange is not one of COBELPA's priorities. A discussion will take place within COBELPA regarding this issue.

Consequently, within a few months, the Secretariat will get an estimation of nearly 100% of the total volume of market pulp in the 10 countries and will be able to send them to all the members between the 15th and the 20th of the following month.

Mr LOMBARD proposed to integrate the new countries all together at the same date as soon as he get the datas. Mr LOMBARD asked all the new countries taking part in the monthly exchange to provide him as far as they can with retrospective datas from January 1997. He also asked the National Associations to make sure that they provide the Secretariat with figures that represent 100% of the total of market pulp volume in their countries (by making an extrapolation if necessary).

- Mr. LOMBARD made a short comment on UTIPULP quarterly statistics. The volume of world pulp inventories have slowly decreased since the 1st quarter of 1997. This reduction is observed on the producers' side, but not on the consumers' side where the inventories have grown. Consumption at the European mills remained very high during the summer according to the monthly statistics which accounts for more than 80% of UTIPULP total. The inventories represented 39 days of consumption in August.
- Mr LATOUR reported the initiative from the AAPPT (the French Association of Pulp Agents) which approached UTIPATES (the French market pulp purchasers' group) in September. The AAPPT gathers datas concerning the stocks in the French ports and seems interested in making some exchanges with UTIPATES. The AAPPT wants to promote the creation of a European organisation representing the pulp agents working with the main ports in Europe.

c) UTIPULP accounts

- Mr LOMBARD presented UTIPULP 1997 accounts and noted that the expenditures will be over 100 000 FF. He also reported that the budget may have to be increased in 1998 by roughly 20 000 FF because of an assistant he has been obliged to hire. This person is making a half time job, and this cost will be supported by the French Association UTIPATES and UTIPULP. Mr LOMBARD will make a proposal for the 1998 budget.

The Secretariat is still waiting for the 1997 contribution of ITALY and SWITZERLAND.

d) Date and location of the next meeting

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

The meeting will be held on **Friday 27th of March**, 1998, with an official dinner on the 26th.

The invitation by the Swiss Association of UTIPULP members for the fall meeting has to be confirmed.

IV ANALYSIS OF THE PULP AND PAPER MARKET

1 Paper markets :

According to most of the participants, the demand remained relatively firm during the summer. The order books appear pretty good in September, especially for the uncoated woodfree. LWC and newsprint have registered a strong recovery compared to 1996. Tissue markets are very dynamic. The good economic forecasts for the European economy remain a positive factor for the paper activity.

2 Pulp markets :

- The consumption of market pulp has been relatively strong in most of the European countries up so far as well as the inventories in the paper mills according to the participants. Several factors will strongly influence the evolution of market pulp volumes and prices : the evolution of the NORSCAN figures, the behaviour of Asian firms, the strikes in Canadian pulp mills, the implantation of downtimes announcements by the producers and the evolution of the dollar. Some participants noticed that they haven't seen big volumes of Russian pulp lately. This may be explained by the fact that Russian pulp mills have very low operating rate today (roughly 30-40%). Things will be different when this rate is about 80 or 90% in future.
- Announcements of price increases have been made by the pulp producers at 650 \$ for NBSK and 540 Ecus for eucalyptus during the 4th quarter. The current situation of the pulp and paper markets inspire the participants with some doubts of the total implementation of these prices increases.

V ENVIRONMENTAL ISSUES

Mr Bryan BATEMAN talked about the lobbying of environmentalist groups in United Kingdom and Sweden. These groups have been putting some pressure on the pulp and paper industry about the use of certified wood. The influence of such groups is also increasing in Canada (see the report of CEPI Forest Committee attached).

VI MISCELLANEOUS

Mr BAXENDALE invited all the participants to attend the following presentation of EPIS (European Pulp Industry Sector) by Mr Simo PESOLA.

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

SUMMARY OF THE PRESENTATION OF EPIS BY MR PESOLA

Mr Simo PESOLA (Chairman of EPIS) is the Managing Director of ENSO FIBRES AG based in Pfäffikon, Switzerland and Mr Bernt STENBERG (Secretary of EPIS) is the President of a consultant company called MOMENTUM INTERNATIONAL based in Nacka, Sweden.

The members of EPIS are the National Associations of pulp producers in Europe, Northern America, Nordic countries, Latin America, New Zealand and Africa. EPIS represent 90% of the market pulp supply according to Mr PESOLA.

Mr PESOLA would like to create with UTIPULP a new index showing the evolution of stocks in volume or days.
