

# **UTIPULP**

**BRUSSELS - MARCH 27<sup>th</sup>, 1998**

---

**GENERAL MEETING**

**MINUTES**

# UTIPULP

BRUSSELS - March 27<sup>th</sup>, 1998

## **- ATTENDEES -**

<b>AUSTRIA :</b>		
Mr Paul	BARTMANN	NEUSIEDLER Aktiengesellschaft
<b>BELGIUM :</b>		
Mr Fred	VAN DEN KEYBUS	DENAEYER PAPIER N.V.
<b>DENMARK :</b>		
Mr Eilif	LADEGAARD	STORA PAPYRUS A/S
<b>FRANCE :</b>		
Mr Michel	BALDUIN	AHLSTROM PAPER GROUP
Mr François	LATOUR	AUSSEDAT-REY
<b>GERMANY :</b>		
Mr Rüdiger	BÄCKER	HANNOVERSCHE PAPIERFABRIKEN
Mr Klaus-Dieter	KIBAT	V.D.P.
Mr Klaus	KRIEG	PAPIERFABRIK SCHEUFELN GmbH
Mr Andreas	LÖHR	ZANDERS
Mr Peter	WINKLER	HAINDL PAPIER GmbH
<b>ITALY :</b>		
Mr Antonio	BOTTEGA	CARTIERE FEDRIGONI & C s.p.a.
Mr Luigi	LAZZARESCHI	DELICARTA
Mrs Gloria	RICCIONI	CARTIERE BURGO
Mr Roberto	TARANTO	ASSOCARTA
<b>NETHERLANDS :</b>		
Mr Martien K.	LAAN	Inkoop-combinatie De EENDRAGT b.v.
Mr Ivan	Van Der STEENSTRAETEN	Inkoop-combinatie De EENDRAGT b.v.
<b>PORTUGAL :</b>		
Mr José Manuel	BYRNE	PAPEIS INAPA S.A
Mr Joào A.	LANCA RODRIGUES	CELPA
<b>SWITZERLAND :</b>		
Mrs Alice	BRUNNBERG	PAPIERFABRIK NETSTAL AG
Mr Michel	FÄSSLER	SIHL Zürich
Mr Nicolas	MUHLEMANN	PAPIERFABRICK BIBERIST AG
<b>UNITED KINGDOM :</b>		
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
Mr Brian	DILLON	INVERESK plc
<b>SECRETARY :</b>		
Mr Bernard	LOMBARD	UTIPULP

# **UTIPULP**

## **General Meeting**

**BRUSSELS - MARCH 27<sup>th</sup>, 1998**

### **- AGENDA -**

#### **I - APPROVAL OF THE AGENDA**

#### **II - APPROVAL OF THE PREVIOUS MEETING'S MINUTES**

- The previous meeting was held in Lisbon on September 26<sup>th</sup>, 1997.
- Minutes were circulated on October 28<sup>th</sup>, 1997.

#### **III - GENERAL ISSUES**

- a) UTIPULP statistics release to international press, associations, companies
- b) UTIPULP statistics :
  - Exchange with EPIS and release to international press
  - Analysis of UTIPULP statistics
  - Quality of UTIPULP statistics
  - Monthly statistics release by e-mail
  - Other issue(s)
- c) UTIPULP 1998 budget and 1997 accounts
- d) Date and location of next meeting

#### **IV - ANALYSIS OF THE PULP AND PAPER MARKETS**

#### **V - FUTURE MARKETS INTERPRETATION AND INFLUENCE**

#### **VI - EURO : IMPACTS ON THE PULP MARKETS**

#### **VII - ENVIRONMENTAL ISSUES**

- Environmental Management systems
- European Producer responsibility

#### **VIII - MISCELLANEOUS**

**- MINUTES -**

Mr. Richard BAXENDALE, Chairman of UTIPULP, opened the meeting at 8 : 30 a.m. He welcomed the participants with a special address to Mrs Alice BRUNNBERG (PAPIERFABRIK NETSTAL AG) and Mr. Theo VAN DEN STEENSTRAETEN (INKOOP-COMBINATIE DE EENDRAGT).

**I - APPROVAL OF THE AGENDA**

The agenda was approved.

**II - APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

The Secretariat received a letter from Mr Firmin FRANCOIS (COBELPA) at the end of October in order to correct the 2<sup>nd</sup> paragraph of the 3<sup>rd</sup> page concerning the monthly statistics exchange.

He specifies that the monthly statistics exchange is not one of COBELPA's priorities. After an internal discussion on this issue, it appeared that COBELPA was not in the position of providing 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.

Mr Bernard LOMBARD was asked to rewrite the paragraph as it was expressed by Mr Firmin FRANCOIS.

### **III - GENERAL ISSUES**

#### **a) UTIPULP statistics release to international press, associations, companies**

- UTIPULP Secretariat has released UTIPULP monthly statistics to the press (PPI, PAPERMAKER, PULPWATCH (Hawkins Wright), CRU International, LES MERCURIALES) and to FOEX for several months. The monthly release is made of 3 figures : global consumption, global inventories (tons) and global inventories (days) for the 10 countries (BELGIUM estimated). Mr BAXENDALE reminded all the participants that the aim of this release is to give better information to the market.
- In order to increase the content of the press release, Mr BAXENDALE proposed to provide the consumption and stocks figures by grades as it is done in the Quarterly statistics document (page 7) but not by country. All the participants agreed with this proposal. The Secretary is therefore asked to modify the format in which he prepares the press release.
- Mr BAXENDALE made all the participants aware of the fact that the Secretariat received 2 letters (1 from the FINNISH FOREST INDUSTRIES FEDERATION and the other from BOTNIAPULPS) expressing the desire of receiving the UTIPULP monthly statistics. Mr BAXENDALE said that the release should be made not only to the press but also to trade associations (which are not members of UTIPULP) The private companies should not receive UTIPULP monthly statistics according to Mr BAXENDALE.

Different opinions have been expressed. Mr François LATOUR said that UTIPATES (the French market pulp buyers Association) did not understand the reason why HAWKINS WRIGHT should receive UTIPULP statistics as it can't be considered as press. But most of the information released to HAWKINS WRIGHT is published in PULPWATCH which can be considered as press like PPI. Mr Paul BARTMANN expressed his opposition to a widened distribution of UTIPULP statistics to private companies.

As only 2 demands have been received by the Secretariat during the whole year 1997, it has been decided that UTIPULP monthly statistics release could be given to the trade associations and to the private companies that are asking for it as long as their number remains low. If this number is to grow within the next few months, this issue will have to be discussed again at UTIPULP next meeting.

Before providing the private companies with UTIPULP monthly statistics, they have to be said that these figures are already available in the press.

#### **b) UTIPULP Statistics**

- Exchange with EPIS

EPIS is collecting statistics from market pulp producers throughout the world, including North America and the Nordic countries. Since the meeting between Mr Richard BAXENDALE & Mr Bernard LOMBARD and Mr Simo PESOLA & Mr Bernt STENBERG from EPIS (European Pulp Industry Sector) in March in Paris 1997, the Secretariat of UTIPULP has received monthly statistics from EPIS. 2 sets of statistics are sent : the «EPIS Quick statistics » (production, deliveries, closing inventories by countries) and a very detailed version of EPIS statistics (production, deliveries, closing inventories by countries and by grades). These statistics take into account only bleached

chemical market pulp. UTIPULP doesn't received figures on unbleached market pulp anymore, even on a quarterly basis. Furthermore, whereas the UTIPULP monthly statistics are available 17 or 18 days after the end of the month, EPIS monthly statistics are sent sometimes at the same date and sometimes very late (30 days after the end of the previous month).

At the beginning, it was decided that UTIPULP and EPIS figures will be released together to the press, but EPIS does not make any press release as far as we can see.

- Analysis of UTIPULP statistics

Mr. LOMBARD made a short comment on UTIPULP quarterly statistics.

After a remarkable reduction of the producers' stocks during the 2<sup>nd</sup> quarter, a regular growth has been observed till the 4<sup>th</sup> quarter. In the same time, the consumers' stocks have gone down especially in Europe. Stocks have decreased by 13% since October 1997, which is the highest point since UTIPULP get 9 countries reporting monthly. In spite of a slight decrease, UTIPULP stocks have remain pretty high since the beginning of 1998 and reach 31 days at the end of February (39 at end-September 97).

Mr LOMBARD showed the draft of a graph representing the evolution of the world stocks since the beginning of 1996, splited into producers stocks and consumers stocks. Mr LOMBARD would like to send this graph to all the participants every month but wants to check the figures more deeply before doing it.

- Quality of UTIPULP statistics

Mr LOMBARD presented the outcome of a short survey sent to the National Paper Association dealing with the quality of representation. It appears that 2 countries don't report 100% of their market pulp volumes : AUSTRIA and SWITZERLAND. Everybody agreed that this problem has to be solved as soon as possible. Regarding SWITZERLAND, Mr LOMBARD will talk about this issue with Mrs Isabelle HUNZIKER and the Austrian delegates are asked to see how this problem can be overcome in AUSTRIA.

UTIPULP now get nearly 98% of the 10 countries total volumes on a monthly basis. In order to get 100%, Mr LOMBARD declared that UTIPULP Secretariat was ready to help the Belgian Association to collect the market pulp figures of its mills if it can be accepted.

- Monthly statistics release by e-mail

Mr LOMBARD offered the participants to receive the monthly statistics by e-mail. Mr BARTMANN already receive the statistics this way. The use of e-mail avoids the documents being unreadable and allows the re-use of them on a personal computer. The participants can give their e-mail address to the Secretariat in order to have these advantages.

- Other issue

Concerning SPAIN, Mr BAXENDALE reported about the various approaches he made over the last months in order to get SPAIN participating to UTIPULP meetings or at least exchanging some statistics. He didn't get any positive reaction neither from the National Paper Association nor companies such as TORRAS PAPEL. Because of geographical proximity, Portugal was kindly asked to see if another approach can be made.

### **c) UTIPULP 1998 budget and 1997 accounts**

- Mr LOMBARD presented the 1997 UTIPULP accounts. They show a loss of 1,559.58 FF. The 1997 accounts were unanimously approved by the participants.
- The 1998 budget was also proposed. There are little changes compared to 1997. Mr BAXENDALE proposed to increase the contributions by 5,000.00 FF to 105,000.00 FF in order to have a balanced budget. Mr LOMBARD will send to the National Associations an estimation of their market pulp consumption in 1997 they are asked to check. Then the demand for the contributions will be sent with the usual share of expenses table.

### **d) Date and location of the next meeting**

The Swiss delegation was thanked for the invitation in **SWITZERLAND**. It was decided that the next meeting shall take place in **Zürich**.

The meeting will be held on **Friday 9<sup>th</sup> of October**, 1998, with an official dinner on the 8<sup>th</sup>.

## **IV ANALYSIS OF THE PULP AND PAPER MARKET**

### **a) Paper markets :**

According to most of the participants, the demand has remained relatively firm at the beginning of the year. There is a general concern for the order books which have lately registered a significant reduction for some grades in some countries. Tissue markets are pretty good. Bright prospects are made for continental Europe, where a slow recovery can be observed, but the unemployment rate is still high in most of the countries. On the contrary, the British economy seems to slow down and is affected by the strenght of the Pound.

### **b) Pulp markets :**

- The consumption of market pulp remains relatively high in most of the European countries. End-February NORSCAN figures showed a sharp decline. Downtimes in pulp mills and China important purchases explain most of this decrease according to the participants. A shift of the stocks from producers to buyers might also have happened. The market seems to have reached the bottom but is still unpredictable. The behaviour of the far east pulp buyers will have a great influence on the very near evolution of the market.
- Some announcement of pulp price increase for NBSK and Eucalyptus have been observed. This may lead to the repetition of the 96 and 97 scenario : an increase of the prices step by step before the summer, followed by a slow decline. The difference is that the paper prices are better this year than they were the year before. The North American pulp producers may also want the European list prices to become closer to the American ones.

## **V FUTURE MARKETS INTERPRETATION AND INFLUENCE**

Mr François LATOUR explained that there had been some discussion about the interpretation and influence of the future markets within UTIPATES. PULPEX is often considered as a reference because of all the information which is widely released. Nevertheless, its representativeness and its liquidity are still low. Should UTIPULP make a statement in the press ?

According to some participants, PULPEX may increase the volatility of the pulp prices on the short term but not on the long term. PULPEX must be seen as a financial tool to protect oneself against volatility. PULPEX currently appears a bit too small for big contracts but it will develop in the future. This issue will remain on the fall meeting agenda in order to examine the development of these markets.

The French delegation can propose a statement on this issue to the UTIPULP participants at the next meeting if it wants.

## **VI EURO : IMPACTS ON THE PULP MARKETS**

International trade is dominated by the U.S. Dollar today. But step by step, Euro is becoming a reality. Europe is the biggest pulp and paper consuming region in the world. Roughly 80% of the European pulp and paper production is sold inside Europe. Will the European pulp and paper companies go on using the Dollar in the future ? Some of the Nordic countries are going to be part of the Euro area.

Euro won't be considered as a reference from the 1<sup>st</sup> January 1999. It will be a very slow evolution as quite a lot of countries use Dollar or take Dollar as a reference all over the world, especially in Asia and in Latin America. Anyway, Eucalyptus will be quoted in Euro inside Europe and it may be also the case for other pulp grades.

As this issue is of great interest according to the participants, Mr LOMBARD is asked to find a speaker on Euro for the fall meeting.

## **VII ENVIRONMENTAL ISSUES**

- Environmental Management systems

CEPI is in favour of the promotion of the environmental management systems rather than the eco-labelling.

- European Producer responsibility

CEPI has initiated some discussions regarding the producer responsibility at the European level and is looking for a negotiated agreement on waste paper recovery. Actually, waste paper recovery is expected to grow very rapidly within the next few years and much faster than the paper capacities using waste paper over the same period. The pulp and paper industry will face big surplus.

## VIII MISCELLANEOUS

- 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 data 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. UTIPATES is ready to exchange some statistics with AAPPT to get pulp stocks in the French ports. United Kingdom is already doing it with the British pulp agents association.
  - After 20 years of participation, Mr Martien LAAN announced that this meeting was his last one with UTIPULP. He thanked all the members and said that he appreciated the meetings and the quality of the discussions with all the participants. In the name of all the members, Mr BAXENDALE thanked Mr LAAN for his participation, his great experience and knowledge which have been of great interest for UTIPULP.
  - Having gone through all the items of the agenda, the Chairman closed the meeting at 12 : 45 p.m.
-