

UTIPULP

HAMBURG - MARCH 30th, 2001

GENERAL MEETING

MINUTES

UTIPULP

HAMBURG - March 30th, 2001

- ATTENDEES TO THE MEETING -

UTIPULP CHAIRMAN :

Mrs Gloria RICCONI CARTIERE BURGO

UTIPULP Secretary :

Mr Guillaume ARNAULD DES LIONS UTIPULP

AUSTRIA :

Mr Paul BARTMANN NEUSIEDLER Aktiengesellschaft
Mr Helmut MEISL SAPPi EUROPE S.A.
Mr Rudolf SEELMANN SCA GRAPHIC LAAKIRCHEN

DENMARK :

Mr Eilif LADEGAARD STORA PAPYRUS A/S

FRANCE :

Mr Michel BALDUIN AHLSTRÖM PAPER GROUP
Mr Dominique BINET SMURFIT EUROPE
Mr Jérôme DELALY ARJO WIGGINS S.A.
Mr François LATOUR INTERNATIONAL PAPER
Mr Dariusz POWROZNIK INTERNATIONAL PAPER
Mr Jean-Olivier ROUSSAT PAPETERIES DE CLAIREFONTAINE

GERMANY :

Mr Klaus-Dieter KIBAT V.D.P.
Mr Klaus KRIEG PAPIERFABRIK SCHEUFELN
Mr Andreas LOHR ZANDERS FEINPAPIERE
Mr Franz-Josef OHLE STORA ENSO PULP Int. GmbH
Mr Peter WINKLER HAINDL PAPIER GmbH

ITALY :

Mr Antonio BOTTEGA CARTIERE FEDRIGONI & C s.p.a.
Mr Armando CAFIERO ASSOCARTA
Mr Luigi LAZZARESCHI DELICARTA

THE NETHERLAND :

Mr Victor KAMM SAPPi EUROPE S.A.
Mr Théo Van Der STEENSTRAETEN Inkoop-combinatie De EENDRAGT b.v.

PORTUGAL :

Mr Joào Gorjao CLARA

RENOVA S.A.

SWITZERLAND :

Mr Jorg BITTERLI

Mr Bernhard JÄGGI

TELA-KIMBERLY

PAPIERFABRICK BIBERIST AG

UNITED KINGDOM :

Mrs Sandra BLAYDEN

Mr John GOVIER

Mr Jim HARWARD

SAPPI (UK) Ltd

AWA BASINGSTOKE

THE PAPER FEDERATION OF G. B.

GUEST :

Mr Dominique BINET

SMURFIT EUROPE

UTIPULP

General Meeting

Hamburg - March 30th, 2001

- AGENDA -

I - WELCOMES & APOLOGIES

II - APPROVAL OF THE AGENDA

III - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

- The previous meeting was held in Vienna on October 6th, 2000
- Minutes were circulated on November 3rd, 2000

IV - GENERAL ISSUES

- UTIPULP structures:
 - Evolution of Secretary
 - National Delegations
 - Membership (Spain, letter to Nordic countries)
- Communication:
 - Statistics release
 - Presentation and launching of the website
- Statistics:
 - Analysis of UTIPULP statistics
 - Quality of UTIPULP statistics
 - Other issues:
(Market pulp definition, South Korean statistics, EPIS)
- Other issues:
 - 2000 accounts and 2001 budget
 - Statutes : date of closure
 - Date and location of next meeting

V - ANALYSIS OF THE PULP AND PAPER MARKETS

VI - E-COMMERCE : PAPINET

VII - MISCELLANEOUS

VIII - 12:15–INTERVENTION OF MR. THOMAS BERARD, EUROPULP CHAIRMAN

- MINUTES -

1. WELCOME & APOLOGIES

Mrs Gloria Riccioni, Chairwoman of Utipulp, opens the meeting at 8:30 a.m. She welcomes all the participants and presents the apologies of the absents. She thanks the German Delegation for the very nice afternoon and evening they all enjoyed on the 29th March and welcomes the participants, particularly the new members of National Delegations. Mrs Riccioni thanks all the members for the confidence they gave her in the fact of having named her Chairwoman of the European Association. She reminds that Mr José Manuel Byrne, the previous Chairman, is now retired. She thanks him for the work done for Utipulp.

2. APPROVAL OF THE AGENDA

The agenda of the general meeting is unanimously approved

3. APPROVAL OF THE PREVIOUS MEETING MINUTES

The minutes of the previous meeting, which took place in Vienna on October 6th, 2000 are unanimously approved. The minutes were circulated on November 3rd, 2000.

4. GENERAL ISSUES

4.1 UTIPULP STRUCTURES

4.1.1. Evolution of Secretary

Mrs Gloria Riccioni presents Mr Guillaume Arnauld des Lions as new Secretary of Utipulp. He has been working in Copacel for one year at the French printing and writing papers group and is the Secretary General of AFDP (the French association of papers merchants). He succeeds to Mr Christophe Lepin, who left Copacel at the beginning of March and was succeeding Mr Bernard Lombard, who is actually working in Cepi. It is reminded that it has been decided in a general agreement to separate Utipulp from Cepi and to keep the secretariat and the treatment of the statistics at the same place (Copacel / France). Mrs Maryline Baertsoën is still in charge of the statistics and helps the new secretary in his functions.

Mrs Riccioni emphasises the quality of the work made by Mr Bernard Lombard during the last years., She hopes that after this period of changes the Secretariat of the European Association will be stable for several years.

4.1.2. National Delegations

According to a decision of the previous meeting, the National Associations have been asked to update the list of their official delegates in order to present full delegations at each meeting. A survey has been sent to all Associations in this way. Only three answers have been received by the secretariat of Utipulp.

Mrs Riccioni reminds the number of seats by country is strictly explained in the statutes of Utipulp. After having read the concerned paragraph of the statutes, she asks each delegation to complete the document distributed in session in accordance with the Utipulp regulations, to nominate one or several deputies and to send the information a.s.a.p. to the secretariat.

4.1.3. Membership

✓ *Spain*

The President explains her satisfaction to be in position to announce the decision of Aspapel (the Spanish pulp and paper association) to join Utipulp. The news has been received on March 28th, 2001 in a letter sent by Mr Carlos Reinoso, Director General of Aspapel. Mrs Riccioni, indicates this adhesion is the result of numerous contacts and calls made by Utipulp in order to convince Aspapel to join the European Association. The secretariat of Utipulp will initiate the necessary steps and inform Mr Reinoso of the various requirements and commitments. It is stated that Aspapel anticipate some difficulties in providing data for a broad sample size of the pulp consumers as a significant part of them are not within the Spanish Association.

✓ *Letter to the Nordic Countries*

Further to a question of a journalist concerning the opening of Utipulp on Nordic Countries, the decision has been taken to send a letter of presentation to the Scandinavian Pulp and Paper Associations (Finnish, Swedish and Danish). The problem is that most of Scandinavian companies are producers and sellers of pulp before buyers. Mrs Riccioni reminds the purpose of Utipulp, which is a “Group of European Market Wood Pulp Users” and explains the statutes of the Association are not clear enough on the conditions of adhesion. So it seems important to clearly indicate that Pulp producers don’t have their place inside of Utipulp.

A proposition of letter is distributed in session and each participant is invited to explain his mind about it. After discussions it is decided to modify the two last paragraphs of the letter. The secretariat will make a new proposition that will be validated by the executive committee.

✓ *Adhesion of Portucel*

The wish of Portucel to join the Portuguese delegation is reviewed. Portucel is a big producer and seller of pulp, so his participation to Utipulp meetings could be a problem. The executive Committee proposes to accept the entrance of Portucel in the Portuguese delegation in regard with the actual situation of the Utipulp membership. In fact, if we follow strictly the statutes of the European Association, many companies (being actually in National delegations)

wouldn't be in position to keep their seat inside of Utipulp. After deliberation it is decided to accept the participation of Portucel based upon an official nomination of the National Association of Portugal. It will be reminded that the delegate must be exclusively buyer of pulp and independently operating.

✓ *Eastern countries*

The delegates attending the general meeting evoke the possibility to develop statistical exchanges with eastern country like Poland, Hungary, Chekia, Slovakia and Slovenia. This proposition is approved by the President who asks the Secretary to start a research of the Associations in Eastern countries. Mr Bartmann will provide a contact in Hungary and Mr Powrozniak in Poland.

4.2 COMMUNICATION

4.2.1. Statistics release

The list of the newspapers, the trade associations and the private companies to whom are sent the Utipulp statistics is provided. The secretariat makes the release monthly by e-mail to actually 77 persons : 19 from the Press, 11 from trade associations and 47 from private companies. Compared to the previous meeting there are 4 additional sending. It is asked to obtain more information on the recipients of the Utipulp statistics.

Mrs Riccioni reminds the Statistics sent out of Utipulp concern just general figures without any details. She asks the attending members to keep the detailed statistics for their own use. The version circulating within Utipulp must never be communicated outside.

4.2.2. Presentation and launching of the website

A presentation of the Utipulp website is provided (on paper) in the folders of the participants. The website is available on www.utipulp.org since March 12th, 2001 and a mail has been sent to the members in order to inform them. The website developed by *Pergoot & Partners* is made of several pages :

- | | |
|---|---|
| <ul style="list-style-type: none">▪ What is Utipulp▪ What is woodpulp▪ Some statistics▪ News▪ Interesting links▪ Members | <p>A button gives the possibility of sending an e-mail directly to the secretariat and a special access for the members (today inactive) can be developed in the future to provide some information on meetings, special events and detailed information.</p> |
|---|---|

Mr Riccioni invite the delegates to consult as soon as possible the website if it has not been done. She proposes to use the website for the statistics release. Everybody agrees with this proposition and the President asks the secretary to look for the possibilities (cost and saving) to insert the public statistics on the Utipulp website. In this case, the recipients will be informed that they will have now to connect on www.utipulp.org to receive the figures.

The following decisions are taken :

- The integral text of the website must be validated by a English delegate. Mr Jim Harward, of the Paper Federation of G.B, accepts to do it.
- Even if the members pages have not to be developed for the moment, the secretary of Utipulp will study the possibilities of using the website to circulate full statistics to the members (cost, savings and safety).

The agreement signed with Pergoot & Partners will run from April 1st 2001 for 12 months until March 30th 2002. The cost for the first year will not exceed 3.000 euros (to create, build, host and maintain the website). The cost of the second and following years will be around 1.000 euros (to host, maintain and update). The contract has been transmitted from Mr Bernard Lombard to the new secretary.

4.3. STATISTICS

4.3.1 Analysis of Utipulp statistics

Because of lack of time, no comments are made on Utipulp statistics.

4.3.2 Quality of Utipulp statistics

Mrs Riccioni makes a point on the difficulties to get the figures on time from each National Association. She reminds the final statistics have to be sent (after compilation, checking and making up) for the 15th of each month by the secretariat of Utipulp to the members.

It implies that National Associations send their own figures to Utipulp at the latest on 14th of each month. So the President asks the National Associations to make an effort to transmit their statistics on time. If a company is not in position to give the figures on time, the National Association will have to estimate them.

In accordance with the decision taken during the previous the Utipulp statistics will not be revised. The secretariat of Utipulp has to verify that the difference is not too important. If it is, he will transmit the revised version to the Executive Committee for decision.

4.3.3 Other issues:

✓ *Market pulp definition:*

Several definitions of the Market pulp are presented and a long discussion follows to determine the most exact definition. Mrs Riccioni reminds that a survey has been made to collect the opinion of each National Delegation. Utipulp received just one answer with a preference for the CEPI definition. Mr Peter Winkler proposes to ask Norscan their own definition of Market pulp. A new survey will be made and different possibilities will be proposed to the Executive Committee to update the actual definition (particularly the definition on the website).

✓ *South Korean statistics*

The secretariat of Utipulp has contacted a lot of time the South Korean Association to study the possibilities of a statistics exchange. After numerous letters and calls to explain it (a letter translated in Korean has been sent to convince them that an exchange of monthly statistics could be of interest for both parts) the South Korean Association didn't deal this proposition.

Mr Riccioni invites the participants to inform the secretariat if they have some contacts with Asian pulp and paper association.

✓ *Epis*

A point is made on the exchange of statistics with EPIS (European Paper Industry Sector). Mr Berndt Steinberg, secretary of this Association has retired and the statistics are now made by the Canadian Pulp and Paper Association (CPPA / PPPC). The statistics will continue to be transmitted to Utipulp by EPIS.

4.4. OTHER ISSUES

4.4.1. 2000 accounts and 2001 budget

The 2000 accounts and the 2001 budget are presented in session. Mr Riccioni asks if anybody has any comments on these two documents. The 2000 accounts and the 2001 budget are unanimously approved.

4.4.2. Statutes: date of closure

It is reminded that further to the decision taken during a previous meeting regarding the official closure of the financial year, a letter has been sent to the Belgian Administration to amend the statutes on the "Article 7, alinéa 1, as follows :*"L'exercice social est clôturé le 31 décembre."* That is to say the 31st of December instead of the 31st of August.

4.4.3. Date and location of next meeting

The French Delegation invites Utipulp in France for the next General Meeting and is thanked by the other Delegations. So the French Delegation proposes to hold the spring meeting on the 5th of October in Nice or in Paris. The participants vote unanimously for Nice.

5. ANALYSIS OF THE PULP AND PAPER MARKETS

5.1.. Paper markets:

The slowing of the general economic environment is hardly felt on the paper and board market. This situation in Europe is partially due to the landing of the American activity.

On the European paper market the trend is clearly decreasing. The demand is slowing and all the participants agree to say that the visibility on the future months is very bad. Furthermore, there is actually no factor to hope an improvement of the situation.

The cut size seems to escape partially the moroseness. This trend is due to the fact that cut size is directly in accordance with the evolution of the European activity, which is still staying at a high level.

Face to the decrease of other grades of paper, several downtimes have been observed in March and will be probable in April 2001.

The slow activity is partially due to the fact that numerous merchants are actually destocking. Furthermore, the soft landing (or slowing down) observed on the paper & board demand had been forecasted by several participants during the previous meeting (October, 2000 in Vienna).

5.2. Pulp markets:

The decrease of prices, which has started at the end of 2000 seems to be in position to continue in the next months. This trend corresponds to an imbalance between supply and demand. The level of Norscan stocks is still very high.

Many companies work with long course contracts and are unable to take advantage of the situation. It means that the spot prices, which are usually around 100 USD below of list prices are not very used by the members of Utipulp. This is the general trend even if some of the participants on the contrary use spot when ever they can.

6. E-COMMERCE : PAPINET

Mrs Riccioni asks Mr. Peter Winkler to make a short presentation of Papinet.

The Papinet project started at the European level in April 2000. The object is to create standard messages to optimise the supply chain between the paper industry and the consumers. These messages must permit to treat the commercial demands using Internet as communication system and XML (eXtensible Markup Language) as specific language. This project has been initiated by paper companies and the secretariat is assumed by CEPI.

Five messages and an interface program have been developed for Press and magazine papers, fine papers and packaging paper. The AF&PA, the CGA and the Forest Products Association of Canada have joined the project in July 2000.

At the present time, the Papinet members are finishing the second step of the development. However difficulties of financing are limiting the evolution possibilities of the actual project. Technically, Papinet presents significant advantages but the principal drawback seems to be the access cost.

7. MISCELLANEOUS

Mrs Riccioni explains the situation of Mr Brian Dillon, who has not resigned from the Executive Committee of Utipulp, but who is now working for an other company. The Chairman asks the English delegation to get information about this situation and to inform the secretariat of Utipulp.

In accordance with the statutes of Utipulp, Mrs Riccioni decides to give a mandate to the new secretary (Mr Guillaume Arnauld des Lions) concerning the banking transactions on the Utipulp account, as it had been given to the previous secretary. This mandate will be used for the collection of contributions, payment of Utipulp meetings, payment of current spends like webmaster for the Utipulp website, etc... It is stated that the secretary will inform the Chairman of each banking transactions made.

To conclude, Mrs Riccioni thanks all the participants for their co-operation and says she enjoyed this first meeting as Chairman of Utipulp.

Having gone through all the items of the agenda, the Chairman closed the meeting at 12:15 a.m. and asked the members to welcome a speakers : Mr Thomas Berard, Chairman of Europulp, the European Association of pulp agents.

UTIPULP

HAMBURG - March 30th, 2001

- APPENDIX -

PRESENTATION MADE BY THOMAS BERARD

TO THE UTIPULP MEETING IN HAMBURG

30 MARCH 2001

I promise I will deliver you a short and slide-free speech.

My name is Thomas Bérard and I am here before you in capacity as Président of Europulp, the recently formed European pulp sellers federation, representing, and this is very important for the rest of this presentation, both pulp agents and producers' local sales offices.

For those of you who do not know me, I am also Managing Director of John Claes S.A., an independent pulp & paper agency in Brussels.

So, it is with a great deal of emotion that I am standing here in front of you in what we, pulp peddlers, believe to be the temple of pulp purchasing. We imagine our customers gathering in dark rooms, masked and fetishly dressed. Luckily it doesn't seem to be the case.

The purpose of my presentation is two-folded:

ONE: What would be the interest for pulp buyers to do their purchasing through an agent or a local sales office versus dealing directly with the producer ?

To state the question in a better way : "What is the added value of a pulp agent for the buyer?"

TWO: For those convinced of such interest, what can be done to protect or promote such situation ?

So first, let us talk about "added value".

Value Added #1

We believe we have a larger view of the market. Selling different grades often gives you access to a larger number of customers hopefully giving a better understanding of the total spectrum of the paper industry. I remember the story of a recently appointed sales V.P. with a BC softwood producer asking his sales assistant about the prevailing Eucalyptus market. The answer was "What the heck, we do not make short fiber". This, I hope illustrates well my case.

Value Added #2

You have with us a very strong ally. The sales office will likely justify his function by the volumes sold, and for the independent agent, his earnings are directly linked to tonnes much more than to the price. Both will work hard to get the deal concluded.

I may repeat myself, pulp agents are like prostitutes; the only difference is that we are being paid AFTER.

Value Added #3

As independent we are freer to build a more extensive information network without breaking the so called "European rules".

Value Added #4

Pulp agent will likely have the same or will adapt himself to the buyers' local customs and language.

Value Added #5

Pulp agents are taking a decent portion of the job you would otherwise have to do yourself. How often have I not been asked by a customer "Please confirm in writing to me that I asked you the question".

A phone call to your agent is enough to discharge you from the rest of the problem.

Value Added #6

On the logistic side, we not only help our suppliers but also our customers to find the cheaper routes, warehousing or any other transportation items.

Don't forget the cheaper transportation will be, the better mill nets you will give to your supplier. Consequently, you will get the best deals. Also we are a lot closer to ports than producers may be.

I also remember an American supplier asking me about a port for a delivery to a German customer "Will Tilbury do?".

Value Added #7

Let us be brutal. What did you gain after the recent decision of a major eucalyptus supplier to sell direct ? Did you pay less for your pulp?

With the saving they made, did they buy you an Assimil to enable you to find your way through their labyrinth telephone system. You leave work when they come back from lunch.

Value Added #8

Agents and sales offices also do insurance or transport claims that otherwise you would instead have to do.

Value Added #9

You are able to speak during the same time zone. It might sounds stupid but I guess without local contact persons, you would have a lot of suppliers by the name of Mr. "voice mail".

Value Added #10

On the financial side, we are able to combine opposite interests: the supplier wants his money soon and you want to pay late.

Also how often don't we "buffer" at the end of fiscal year when you do not want stocks in your books and the supplier is pressing for the opposite.

The list is probably longer but if you agree with only one of the added values I just mentioned, one can say that we are at your service on a F.O.C. basis.

So, second short part of my speech : what can be done by the market to protect or promote the selling via a middleman ?

Let us first say that this is a very touchy subject:

- if you show this too much to your supplier, he might either be thinking that you are bribed;
- or he might feel his agent is neglecting him to better protect the customer.

I am far from daring to tell you what to do or not to do but in a loose market your voice (not to say your no-orders) will be carefully listen to.

On occasion, producers also appreciate to be reassured about their choice.

So, when the agent leaves your meeting room for a strategically planned leak, leaving you alone with your supplier, don't hesitate to compliment the agent a bit. I am sure it will be highly valued.

Also make the producer's sales VP understand that he is not well considered because of his meaty staff but because of an efficient team.

To finish, I am asking myself in how far UTIPULP, as a body, could pass such message to the different pulp producers' associations.

The debate is open.

Thank you.