

# **UTIPULP**

**NICE – APRIL 17<sup>th</sup>, 2002**

**GENERAL MEETING**

## **MINUTES**

**UTIPULP**

## NICE – April 17<sup>th</sup> , 2002

### - ATTENDEES TO THE MEETING -

#### UTIPULP CHAIRMAN :

Mrs Gloria RICCONI CARTIERE BURGO

#### UTIPULP Secretariat :

Mr Guillaume ARNAULD DES LIONS UTIPULP

#### BELGIUM :

Mr Michel MARCK INTERMILLS

#### AUSTRIA :

Mr Paul BARTMANN NEUSIEDLER Aktiengesellschaft

#### FRANCE :

Mr Jérôme DELALY ARJO WIGGINS S.A.  
Mr Henri GILBERT SMURFIT CELLULOSE DU PIN  
Mr Dariusz POWROZNIK INTERNATIONAL PAPER  
Mr Olivier SALAUN AHLSTRÖM

#### GERMANY :

Mr Klaus-Dieter KIBAT V.D.P.  
Mr Klaus KRIEG PAPIERFABRICK 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 Luigi LAZZARESCHI DELICARTA

#### PORTUGAL :

Mr Joao Gorjao CLARA RENOVA FPA S.A.  
Mr Manuel A.S. MOREIRA DOS SANTOS SOPORCEL S.A.

#### THE NETHERLAND :

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

#### SWITZERLAND :

Mr Jorg BITTERLI TELA-KIMBERLY  
Mr Bernhard JÄGGI PAPIERFABRICK BIBERIST AG

#### UNITED KINGDOM :

Mr John GOVIER ARJO WIGGINS Ltd  
Mr Richard SEXTON THE PAPER FEDERATION OF G. B.

## EXCUSED

Mr	Graham	BARNARD	THE PAPER FEDERATION OF G. B
Mr	Enrico	BROUWER	V.N.P.
Mr	Armando	CAFIERO	ASSOCARTA
Mr	Luis	COSTA LEAL	CELPA
Mr	Peter	DONABAUER	TRIERENBERG
Mr	Lazlo	FORGO	AUSTROPAPIER
Mr	Firmin	FRANCOIS	COBELPA
Mr	Eilif	LADEGAARD	STORA PAPYRUS A/S
Mr	Carlos	REINOSO	ASPAPPEL
Mr	Luis	RIOS	TORRASPAPPEL
Mr	Jean-Olivier	ROUSSAT	PAPETERIES DE CLAIREFONTAINE
Mr	Rudolf	SEELMANN	SCA GRAPHIC LAAKIRCHEN
Mr	Wayne	THOMAS	SAPPI EUROPE SA

# UTIPULP

## General Meeting

Nice – April 17<sup>th</sup> , 2002

### AGENDA

**I - WELCOMES & APOLOGIES**

**II - APPROVAL OF THE AGENDA**

**III - APPROVAL OF THE PREVIOUS MEETING'S MINUTES**

- The previous meeting was held in Cap d'Antibes on October 5<sup>th</sup> , 2001

**IV - GENERAL ISSUES**

**a) UTIPULP structures:**

- Composition of the Executive Committee,
- Changes in the composition of the National Delegations,
- Membership

**b) Communication:**

- Statistics release: point on the new method of diffusion,
- Evolution of the Utipulp website and new services for the members.

**c) Statistics:**

- Analysis of UTIPULP statistics,
- Quality of UTIPULP statistics,
- Point on the steps for statistical exchanges with the Eastern Countries.
- Point on the EPIS statistics (problem of the Chilean figures)

**d) Other issues:**

- 2001 accounts and proposal for the 2002 budget
- Date and location of next meeting.

**V - ANALYSIS OF THE PULP AND PAPER MARKETS**

**VI - PRESENTATION OF THE POLISH PAPER INDUSTRY**

**VII - MISCELLANEOUS**

- Press review

**VIII - EXTERNAL SPEAKER :**

**Mr. Nairne GRAY, Managing Director of IFP Canada Corp. in Vancouver**

- What's Up in B.C., and how it is going to affect the European Pulp Buyer: A pulp-related overview of life in Lotus Land presented by Nairne Gray

## - MINUTES -

### **1. WELCOME & APOLOGIES**

Mrs Gloria Riccioni, Chairwoman of Utipulp, opens the meeting at 8:30 a.m. She welcomes all the participants particularly the members of National Delegations attending the meeting for the first time : Mr Salaun and Mr Gilbert for France and Mr Moreira Dos Santos for Portugal. She presents the apologies of the members who have not been able to attend the present meeting and regrets the absence of representative of the Spanish Delegation. She thanks the French Delegation for the nice evening they all enjoyed on the April 16<sup>th</sup>.

### **2. APPROVAL OF THE AGENDA**

It is indicated that the point 6 of the agenda "*Presentation of the Polish Paper Industry*", has to be deleted due to the fact that SPP (The Polish Association of Paper makers) has not been able to provide data which could have been presented during the meeting.

The modified 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 Cap d'Antibes on October 5<sup>th</sup>, 2001 are unanimously approved.

## 4. GENERAL ISSUES

### 4.1 UTIPULP STRUCTURES

#### 4.1.1. Composition of the Executive Committee

Mrs Gloria Riccioni indicates that Mr Michel Balduin (France) has left ALHSTRÖM and doesn't work anymore for the Paper Industry. He has tendered his resignation from the French Delegation and from the Executive Committee of UTIPULP.

The General Assembly has to nominate a new member for the Executive Committee.

#### Articles of the Association related to the Executive Committee :

##### *Article 5 - Executive Committee*

1. - *The Association is managed by the Executive Committee, which is composed of four or five members.*
2. - *The Executive Committee is composed of the Chairman, the Vice-Chairman and three delegates appointed by the General Assembly. One of the members of the Executive Committee, has to have the Belgium nationality.  
Apart from the Chairman and the Vice-Chairman, whose term in office is two years, members shall be appointed for three years. They can be removed by the General Assembly by a vote of 2/3rd of the members present or represented.  
The appointment can be renewed once.*
3. - *Members of the Executive Committee shall be of different countries.*
4. - *The Executive Committee may only be validly held if 3 of its members are present.*
5. - *Decisions shall be taken on a simple majority. In the case of an equal vote, the Chairman shall have the casting vote.*
6. - *The Executive Committee is convened by the Chairman or any of its members and meets as often as it is necessary, but at least once a year.*
7. - *The purpose of the Executive Committee is in particular to study applications for membership as defined in Art. 3 of the Articles of Association, or any other special task according to a decision of the General Assembly.*
8. - *The Executive Committee has all power given by the General Assembly to achieve the object of the Association.*

Mrs Riccioni has received the candidacy of Mr Jean-Olivier Roussat (France) to succeed to Mr Balduin in the Executive Committee.

The President asks if anybody else wants to apply for the seat. Any other candidacy being presented in session, Mr Riccioni submit to the vote of the General Assembly the proposition to nominate Mr Jean-Olivier Roussat at the Executive Committee. This proposition is unanimously approved.

In conclusion, the Executive Committee is composed of the following delegates:

- Mrs Gloria Riccioni – Italy – (Chairman)
- Mr Paul Bartmann – Austria – (Vice-Chairman)
- Mr Peter Winkler – Germany
- Mr Jean-Olivier Roussat – France
- Mr Michel Marck – Belgium

#### 4.1.2. Changes in the National Delegations

According to a decision of the two previous meetings, the National Associations have been asked to update the list of their official delegates in order to present full delegations at each meeting. Since the meeting of October 5<sup>th</sup> 2001 in Cap d'Antibes, the changes below have been announced :

✓ **Austria**

Mr Donabauer (TRIERENBERG) succeeds to Mr Meisl (SAPPI).  
The Austrian Delegation is complete.

✓ **Belgium**

Nomination of Mr Thomas (SAPPI)  
The Belgian Delegation is complete.

✓ **Denmark**

✓ **France**

Mr Balduin (ALHSTRÖM) has left the French Delegation. A fourth delegate will be nominated at the UTIPÂTES meeting of June. Two deputies (Mr Salaun from ALHSTRÖM and Mr Gilbert from SMURFIT) attending the present meeting, the French Delegation is complete.

✓ **Germany**

With four delegates (+ a representative of VDP) , the German Delegation is complete. Nevertheless, future resignations are announced in session : Mr Peter Winkler and Mr Andreas Löhr, who are asked for new responsibilities and who won't be able to stay in the German Delegation as Pulp Buyers. When their resignations will be effective, the German Delegation will have to appoint two new delegates.

✓ **Italy**

Mr Taranto (ASSORCARTA) has left the Italian Delegation. As President, Mrs Riccioni is not included in the Italian Delegation, who can nominate a fourth delegate until the end of the mandate of Mrs Riccioni, who will reintegrate the Delegation and take a seat.

✓ **Portugal**

Nomination of Mr Moreira Dos Santos (SOPORCEL S.A.) as third delegate.  
The Portuguese Delegation is complete.

✓ **Spain**

Two official delegates have been nominated by ASPAPEL : Mr Reinoso (ASPAPEL) and Mr Rios (TORRASPAPPEL). The Spanish Delegation has to nominate a third delegate to be in position to have representatives able to attend the following UTIPULP meetings.

✓ **Switzerland**

With two official delegates, the Swiss Delegation is complete.

✓ **The Netherlands**

With three official delegates, the Dutch Delegation is complete.

✓ **United Kingdom**

Mrs Blayden (SAPPI) has retired and left the British Delegation.

Mr Dillon had left the British Delegation at the previous meeting.

Mr John Govier (ARJO WIGGINS Ltd) has been nominated.

With Mr Barnard and Mr Sexton (PAPER FEDERATION OF GREAT BRITAIN), the UK Delegation is composed of three delegates. A fourth delegate can be nominated in order to present a full Delegation.

**4.1.3. Membership**

✓ *Spain*

For the second time the Spain is not represented at the Utipulp General Meeting. Officially, the Spanish Delegation is composed of two representatives : Mr Carlos Reinoso (ASPAPPEL) and Mr Rios (TORRASPAPPEL). Mr Riccioni regrets this situation and hopes that with the nomination of a third delegate, Spain will be in position to be represented in the following meetings of UTIPULP. She points out that the problem of the integration of the figures of Spain in the global UTIPULP statistics will be tackled later in the item “Statistics”.

✓ *Letter to the Nordic Countries*

Until now, UTIPULP has not received any answer to the letter sent to the paper Associations of the Nordic Countries. It is reminded that these letters presented the aims of UTIPULP and the conditions requested to become member.

✓ *Contact with Poland*

With the help of Mr Powroznik (I.P. France), the Secretariat of UTIPULP approached the Association of Polish Papermakers (SPP). A meeting with Mr Wiktorian Tarnawski, Vice Chairman, has been organised in Nice two days before the present meeting. The purpose of this meeting was to see if an exchange of market pulp statistics could be initiated with Poland and if in a second time, Poland could join UTIPULP.

Unfortunately, Mr Tarnawski explained that all the Polish paper mills are integrated and that the notion of market pulp is not very significant in Poland. Furthermore, SPP is not able to provide regularly the figures sent by the National Associations to UTIPULP. For these reasons, neither an exchange of data neither a future adhesion seems to be possible.



## 4.2 COMMUNICATION

### 4.2.1. Statistics release: point on the new method of diffusion

As the statistics sent out of Utipulp concern just general figures without any details and are sent to the press, they constitute public figures. To save the secretariat of an exponential work and to open these public statistics to a largest population, it had been proposed during the previous meeting to stop the sendings by e-mail and to insert the public figures on the website.

This new method of diffusion works very well. It's fast and efficient for the users (Press, Trade Associations, and privates companies), who can see immediately on the Homepage if the figures have been updated or not. If they have, the users can easily download the full document of the general figures. The Provider (Pergoot & Partners) will soon provide the statistics of connections and downloading to have a good vision of number of visits on the UTIPULP website.

It's reminded that the members continue to receive each month the statistics by mail and that they can consult and download the detailed figures on the secularised member's pages. Mrs Riccioni reminds to 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 of the new available services on the website

A presentation of the new developments made on the Utipulp website is made in session.

The major changes are detailed below:

- ✓ In the public pages, the rubric "Some Statistics" contains two downloading documents : the last monthly global figures and the historical statistics. The main figures (total pulp consumption of the month, monthly inventories in tons and in days) are published on the homepage to see on one "click" if the statistics are updated.
- ✓ The members' pages are available. They contain two parts.
  - Members information, where the delegates can find the details concerning the organisation of the meetings, the composition of the National Delegation, the statutes of Utipulp, the minutes (and photos) of the past meetings and many other useful information.
  - Monthly statistics, where the members of Utipulp can download the detailed figures per country of the last month, the graphics and the historical data.
- ✓ The access to the member pages is submitted to personal login and password.

With this system, the Utipulp members can consult and download the detailed statistics at every time and from everywhere. Several participants indicate some difficulties to connect to the member pages. They are invited to contact UTIPULP after the present meeting to verify their login and password.

### **4.3. STATISTICS**

#### **4.3.1 Analysis of Utipulp statistics**

Mrs Riccioni asks Mr Arnauld des Lions to comment the Utipulp monthly statistics.

##### **✓ World total inventories (Feb-March 2002)**

Referring to the total inventories graph showing the evolution of the world stocks both on the producers side and on the consumers side, it appears that the consumer stocks have slightly decreased since December. On March, the UTIPULP figures show a decrease of 13 thousands tons compared to the previous month.

The Norscan stocks decreased of 118 thousands tons in March. The other inventories figures being not available on March 2002, it could be estimated on the basis of European Pulp User's figures and Norscan stocks that the global stocks are slightly decreasing compared to February. Referring to FOEX, the price of NBSK was around 433 USD per ton on April 9<sup>th</sup>.

##### **✓ Producers inventories and utilisation rates**

The utilisation rate in the Norscan mills is around 91% and 94% since November 2001, staying at a higher level than during the previous months. The utilisation rate of the paper machines has made increase the level of the Norscan stocks on the last months of the previous year, but the slowing down of the production on January and February have made it significantly decrease on the first quarter 2002.

##### **✓ Stocks in the European ports**

Referring to the Europulp statistics, we see the trend concerning the stocks in the European ports with a slight decrease during the first quarter 2002. At the end of March, these inventories corresponded to 1.062 thousands tons

##### **✓ Pulp consumption**

The market pulp consumption has significantly increased in March with 100 thousands tons more than in February, due to a not so bad activity in the paper mills. It corresponds to a growth of 8,8%.

The chemical pulp inventories are approximately at the level of the previous month with a very slight decrease of 1,1%, corresponding to 13 thousands tons.

#### **4.3.2 Quality of Utipulp statistics**

##### **✓ Declarations availability**

A document is distributed in session, showing the date of reception of the National Figures each month by UTIPULP. Referring to this document, it appears that several countries are often late in the sending of their figures.

Mrs Riccioni reminds the final statistics have to be sent (after compilation, checking and making up) for the 15<sup>th</sup> 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 14<sup>th</sup> 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.

Mr Paul Bartmann, Vice-Chairman of UTIPULP, asks all the participants to push their National Association to respect the delay of sending. He proposes that the table of the dates of declaration by country continues to be provided to the Executive Committee.

##### **✓ Integration of the Spanish figures in the UTIPULP statistics**

For the present time, the statistics of Spain are not integrated to the UTIPULP statistics, because representing only 40 to 50% of the national figures. ASPAPEL had informed the Secretariat of UTIPULP that they anticipated some difficulties in providing data.

ASPAPPEL provides each month the figures of consumption and inventories on this basis. The Spanish Association doesn't want to extrapolate the figures and agrees for an extrapolation made directly by UTIPULP. As soon as a precise percentage of representation of the global Spanish figures is indicated by ASPAPEL, the extrapolation will be done and the figures of Spain will be integrated with an historic since the beginning of 2001. Waiting for this integration, the partial figures of Spain will be provided separately on the website and on the statistics sent monthly to the members.

For the moment, in order to calculate the share of 2002 contribution of Spain, an estimation of the total Spanish consumption has been made referring to the 2001 CEPI's figures.

#### **4.3.3 Contact with the National Associations of Eastern Countries**

Further to the contacts taken by UTIPULP with the Papermakers Associations of the Eastern countries, many negative answers have been received without possibilities of exchanges. That's the case for Ukraine, Slovenia, Poland,...(A copy of the answers of these countries is insert in the folders of the attendees). Until now the only country having accepted to exchange data is Romania. CEPROHART SA, provides each month the statistics of pulp consumption and pulp inventories in the Romanian paper mills. Even if the volumes are not very important, these data give an idea of the trend in Eastern Europe. The Romanian figures are now provided each month on the members pages of the website and joined to the UTIPULP statistics in the folders.

The work of the secretariat on this way will continue to try to convince the Eastern contacts of the interest of a statistical exchange.

#### **4.3.4 Point on the EPIS statistics**

It is reminded that the figures of Chile are not anymore included in the EPIS statistics. Many requests have been made by UTIPULP to EPIS in order to obtain an estimation, but until now, they refuse to provide a consolidated estimation.

Then the figures of production and inventories sent by this Association to UTIPULP excludes the Chilean's data. Nevertheless, for a best visibility on the Global Inventories Graphics (Producers + Purchasers) Utipulp add each month a volume of 750.000 tons to the EPIS figures, for Chile.

As indicated during the previous meeting, the statistics of EPIS are now made by CPPA, the Canadian Pulp and Paper Association. It seems that CPPA provides for internal using an estimation of the figures of Chile. UTIPULP will try to obtain these figures.

#### **4.4. OTHER ISSUES**

##### **4.4.1. 2001 accounts and proposal for the 2002 budget**

- ✓ Mrs Riccioni presents the Utipulp 2001 accounts. A deficit of 3.214,10 euros is registered, due to an increase of the meeting expenses and to the cost of the development of the website (3.000 euros in 2001, and 1.000 euros on the following years). The reserves after affectation of the deficit of 2001, correspond to 8.536,18 euros.
- ✓ A proposition of budget for 2002 is presented. Taking in account the adhesion of Spain, it is proposed to push the level of the global contributions to 18.000 euros. The different posts of expenses are still at the level of the previous year. A participation of UTIPULP to the buying of a new computer for Mrs Baertsoën (Statistics) is proposed for an amount of 1.500 euros with a depreciation on three years.

Mrs Riccioni asks if anybody has a comment or a remark on the presentation of the 2001 accounts and on the proposal of budget for 2002. Any remark being made in session, the President submits the 2001 accounts and the 2002 proposal of budget to the vote. The two documents are unanimously approved.

##### **4.4.2. Date and location of next meeting**

In the name of the Portuguese Delegation, Mr Clara proposes to invite UTIPULP for the next meeting and proposes to hold the meeting on the **27<sup>th</sup> of September, 2002**. The meeting place will be confirmed by CELPA as soon as possible. Portuguese Delegation is thanked for the invitation in **Portugal**. The secretariat of UTIPULP will contact Mr Costa-Leal from CELPA to prepare the organisation.

## 5. ANALYSIS OF THE PULP AND PAPER MARKETS

### 5.1. Paper markets:

- The evolution of the general economic environment has a direct effect on the paper and board market. On the European paper market the trend is better since the beginning of 2002, after a year 2001 in decrease. The demand of paper and board seems to growth slightly.
- The apparent consumption and the activity on **special paper** is quite better than in 2001, but the order books are not full. Concerning the fine papers, the order inflow of **uncoated woodfree paper** is good on the first quarter 2002 and the previsions for the second quarter are positive. The **coated paper** order inflow is slightly on the low side and the production is still about 90% of the capacity utilisation. The **tissue** market is steadily increasing and well oriented as usual.
- The general feeling is that market continues to improve but with some uncertainties.

### 5.2. Pulp markets:

- The pulp prices, which have significantly decreased on the three first quarters of 2001, are on a growing trend since the end of 2001. New price increases are announced by the pulp producers on May.
- Hardwood, especially Eucalyptus is very tight, price increasing from \$390 to \$420. Referring to the producers, the long fibre prices should increase from \$430 to \$450 in May.
- The imbalance between supply and demand is decreasing, referring to the level of Norscan stocks, which have decreased of 118.000 tons in March. It's reminded that the level of 1.500 thousands tons is determinant for the evolution of the pulp prices. Under this level, the tentative of pulp price increase often success, over this level it rarely success.
- The participants agree to say that the price increases are more due to the numerous slowing down of the pulp producers than to a real growth of the demand and the apparent consumption of paper and board.

## 6. MISCELLANEOUS

A selection of documents and articles of interest for the participants is quickly presented.

To conclude, Mrs Riccioni thanks all the participants for their kind co-operation.

Having gone through all the items of the agenda, the President closed the meeting at 12:15 p.m. and asked the members to welcome a speaker: Mr. Nairne Gray, Managing Director of IFP Canada Corp. In Vancouver. The item of his speech (integral text included in Annex) is :

*“What’s Up in British Columbia ? How it is going to affect the European Pulp Buyers.  
A pulp related overview of life in Lotus Land.”*