

UTIPULP

LUGANO – MARCH 28th, 2003

GENERAL MEETING

MINUTES

UTIPULP

LUGANO – MARCH 28th , 2003

- ATTENDEES TO THE MEETING -

UTIPULP CHAIRMAN :

Mrs Gloria RICCONI CARTIERE BURGO

UTIPULP Secretariat :

Mr Guillaume ARNAULD DES LIONS UTIPULP

AUSTRIA :

Mr Peter STEIGENBERGER SALZER PAPIER

BELGIUM :

Mr Firmin FRANCOIS COBELPA
Mr Claus ORESNIK SAPPY EUROP SA

DENMARK :

Mr Eilif LADEGAARD DALUM PAPIR A/S

FRANCE :

Mr Jérôme DELALY ARJO WIGGINS S.A.
Mr Henri GILBERT SMURFIT CELLULOSE DU PIN
Mr Jean-Olivier ROUSSAT PAPETERIES DE CLAIREFONTAINE

GERMANY :

Mrs Ute JOHNEN KANZAN SPEZIALPAPIERE GmbH
Mr Klaus-Dieter KIBAT V.D.P.
Mr Klaus KRIEG PAPIERFABRIK SCHEUFELN GmbH
Mr Franz-Josef OHLE STORA ENSO PULP Int. GmbH
Mr Oliver SÖDER MD PAPIER GmbH

ITALY :

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

THE NETHERLAND :

Mr Victor KAMM SAPPY EUROPE S.A.
Mr Norman SNEL Inkoop-combinatie De EENDRAGT b.v.

PORTUGAL :

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

SWITZERLAND :

Mr	Bernhard	JÄGGI	PAPIERFABRICK BIBERIST AG
Mr	Jörg	BITTERLI	TELA-KIMBERLY Switzerland GmbH
Mr	Jürg	ZELLWEGER	ZPK
Mr	Max	FRITZ	ZPK

UNITED KINGDOM :

Mr	Richard	SEXTON	THE PAPER FEDERATION OF G. B.
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EXTERNAL SPEAKER :

Mrs	Fiona	CARLIN	BAKER & MCKENZIE
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EXCUSED

Mr	John	GOVIER	ARJO WIGGINS Ltd
Mr	Graham	BARNARD	THE PAPER FEDERATION OF G. B
Mr	Enrico	BROUWER	V.N.P.
Mr	Luis	COSTA LEAL	CELPA
Mr	Armando	FIALHO	ASPAPPEL
Mr	Lazlo	FORGO	AUSTROPAPIER
Mr	Michel	MARCK	INTERMILLS S.A.
Mr	Carlos	REINOSO	ASPAPPEL
Mr	Wayne	THOMAS	SAPPI FINE PAPER EUROPE
Mr	Paul	BARTMANN	NEUSIEDLER Aktiengesellschaft
Mr	Peter	DONNABAUER	Dr. FRANZ FEURSTEIN
Mr	Rudolf	SEELMANN	SCA GRAPHIC LAARKIRCHEN
Mr	Dariusz	POWROZNIK	INTERNATIONAL PAPER
Mr	Théo	Van Der STEENSTRAETEN	Inkoop-combinatie De EENDRAGT b.v.

UTIPULP

General Meeting

Lugano – March 28th , 2003

AGENDA

I - WELCOMES & APOLOGIES

II - APPROVAL OF THE AGENDA

III - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

- The previous meeting was held in Lisbon on September 27th , 2002

IV - GENERAL ISSUES

a) UTIPULP structures:

- Changes in the composition of the National Delegations,
- Membership

b) Communication:

- Statistics release
- Evolution of the website

c) Statistics:

- Analysis of UTIPULP statistics
- Quality of UTIPULP statistics (proposal of a new presentation for the statistical report)
- Pulp consumption: point on the content of the declarations (total pulp or market pulp)

d) Other issues:

- UTIPULP 2002 accounts
- UTIPULP 2003 budget (integration of the costs of the competition compliance program)
- Date and location of next meeting.

V - MISCELLANEOUS

- Press review

VI - EXTERNAL SPEAKER :

- Mrs Fiona M. CARLIN, Managing Partner, BAKER & MCKENZIE (Brussels)
Partner in the firm's EUROPEAN LAW CENTRE

" The activities of UTIPULP in the eyes of the European competition law"

- MINUTES -

1. WELCOME & APOLOGIES

Mrs Gloria Riccioni, Chairman of Utipulp, opens the meeting at 8:30 a.m. She welcomes all the participants and presents the apologies of the members who have not been able to attend the present meeting. She regrets once again the absence of representative of the Spanish Delegation. She welcomes particularly Mr Norman Snel, attending the meeting for the first time.

Mrs Riccioni informs the attendees that Mr Van Der Steenstraeten, who usually represents the Dutch delegation with Mr Kamm, has been victim of a cerebral accident. She asks Mr Snel to inform the participants of the evolution of the health of Mr Van Der Steenstraeten and to transmit him the best wishes of all Utipulp members for a prompt recovery.

She thanks the Swiss Delegation for the nice evening they all enjoyed on the March 27th.

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 Lisbon on September 27th, 2002 are unanimously approved.

4. GENERAL ISSUES

4.1 UTIPULP STRUCTURES

4.1.1 Changes in the composition of the National Delegations

A point is made on the composition of the National delegations and on the changes since the previous meeting.

Austria :

It is reminded that Mr Peter Steigenberger (Salzer Papier) has succeeded to Mr Paul Bartmann (Neusiedler)

⇒ With three delegates and one representative of the National Association (Austropapier), the Austrian delegation is complete.

Belgium :

⇒ No change. With three representatives, the Belgian delegation is complete

Denmark :

⇒ No change. Two seats but only one delegate.

France :

⇒ No change. With four representatives, the French delegation is complete.

Germany:

It is reminded that Mrs Johnen (Kanzan GmbH) has succeeded to Mr Winkler (Haindl Papier GmbH) and that Mr Söder (MD Papier GmbH) has succeeded to Mr Löhr (Zanders Feinpapiere AG)

⇒ With four delegates and one representative of the National Association (VDP), the German delegation is complete.

Italy :

⇒ No change. With four representatives, the Italian delegation is complete.

The Netherlands :

No change. Mr Van Der Steenstraeten is still an official representative of the Dutch delegation and Mr Snel attends the present meeting as a deputy.

⇒ With three representatives, the Dutch delegation is complete.

Portugal :

⇒ No change. With three representatives, the Portuguese delegation is complete.

Spain :

The case of Spain is still problematic. They officially have three seats in Utipulp but have nominated only one representative who as never been in position to attend the meetings until now. So, for the present time, Spain is not represented during the

Utipulp meetings. Mr François (Cobelpa) informs the participants that he recently talked to Mr Reinoso (Aspapel) who considers that Spain representatives would not have an added value with participating in Utipulp meetings.

Switzerland :

⇒ No change. With two representatives, the Swiss delegation is complete.

United Kingdom :

The United Kingdom has four seats in Utipulp, but only three delegates.

⇒ U.K has to nominate a fourth delegate to have a full delegation.

4.1.2. Change in the Belgian Law and possible repercussions on the Utipulp statutes.

The Belgian law of 25 October 1919 on international associations (and, in particular, its Article 1 imposing that a member of the executive committee must be a Belgian national) has been amended on 30 June 2000 and 2 May 2002. This amendment is the result of the procedure initiated against Belgium by the European Commission, which considered the above-mentioned obligation as a violation of the EU freedom of establishment and a discrimination based on nationality. Consequently, it is no longer an obligation to have a Belgian member in the executive committee of international associations under Belgian law.

This modification of the Belgian law has a direct incidence on the Article 5 of the statutes of Utipulp (Articles of the Association) and on the Article 6 of the Rules of Application.

ARTICLES OF THE ASSOCIATION

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.*

RULES OF APPLICATION.

Article 6 - Executive Committee

1. *When the Chairman or the Vice-Chairman of the Association has the **Belgian nationality**, it is necessary to make a few changes in the composition of the Executive Committee, in order to fulfil the principle which states that members of the Executive Committee shall be of different countries.*
2. *When the Chairman or the Vice-Chairman has the **Belgian nationality**, the Belgian ordinary member of the Executive Committee will have to resign, except if he is himself elected Chairman or Vice-Chairman. The General Assembly will nominate an other member of the Association to replace him, providing the replacant does not have the **Belgian nationality**, or else, let the Executive Committee as it stands until the end of the term of the Belgian Chairman or the Vice-Chairman.*
3. *At the end of the term of the **Belgian Chairman**/Vice-Chairman, or if the Belgian Chairman /Vice-Chairman were to resign, the General Assembly nominates a Belgian member to be part of the Executive Committee, in order to fulfil the requirements of the Law. This representative can be the same one as the one who had to resign when the Belgian Chairman/Vice-Chairman took over even if he is himself the very one who was elected Chairman/Vice-Chairman, but the General Assembly can nominate any other member who has the Belgian nationality.*
4. *The term of duty of the reintegrated **Belgian member of the Executive Committee**, will last until the current Executive Committee is renewed.*

If the General Assembly decides to amend the Statutes and the Rules of Articles, the procedure to be respected is described in the Article 8 of the Utipulp Statutes :

ARTICLES OF THE ASSOCIATION

Article 8 - Modifications of the statutes

1. *The General Assembly may, with a majority of two thirds of the members who are present and at meeting specially summoned for that purpose with an advance notice of at least ninety days, amend the Articles of Association and their Rules of Application, decide to apply for membership of the Association in other organisations or to withdraw it from them, or to declare it dissolved.*
2. *If such a General Assembly can not gather 2/3rd of the voting members, a new General Assembly will be summoned in the conditions as above. The decisions will be taken for good and validity on the issue, whatever the number of members present can be. The amendments of Articles of Association will be effective only after being approved by the Royal decree, and after the required publicity will be complied with, according to the Art. 3 of the Law of 25th November 1919.*

Mrs Riccioni asks the Belgian delegation if they agree with such a modification of the Utipulp statutes, the consequence being that they would not have systematically a representative in the Utipulp Executive Committee. **The Belgian delegation agrees with this proposal.**

Then, Mrs Riccioni submits to the vote of the General Assembly the decision to change the statutes of Utipulp, referring to the recent modification of the Belgian Law.

This decision is unanimously approved by the General Assembly.

In conclusion, it is decided to plan an Extraordinary General Assembly preceding the next General Assembly and specially summoned for the change of the Utipulp statutes. The present announce is considered as official notice in order to respect the delay of ninety days before the Extraordinary General Meeting. The secretariat of Utipulp will prepare a draft of new statutes taking in account the modification of the Belgian Law.

4.2 COMMUNICATION

4.2.1. Point on the Valois Report of January 31st :

Mrs Riccioni reminds that Valois Vision Marketing published on January 31st a critical comment on the Utipulp statistics. An extract of this report is read in session :

“ UTIPULP reported an increase of 36.000 tonnes in its members’ chemical market pulp stocks, to 1.173.000, as consumption fell by 133.000 tonnes to 1.086.000. However, the release was delayed several days due to the fact that many members did not report their figures until January 22 – and some not at all ! This resulted in UTIPULP having to estimate the final picture for December.

We have no problem with this approach – we find ourselves to do it sometimes – but Utipulp’s methodology used in January appears to have been erroneous, to the point that the data will very probably be revised next month to show that stocks actually fell !

This is because three rather large UTIPULP members of the handful who did not report their December figures had actually seen their chemical pulp stocks decline to dangerously low levels in December, and did not want to influence the final results and provide arguments for pulp producers to raise prices February 1st. The only way we learned of this was by coming across an order inflow file.”

The attendees are invited to read the answer sent by Utipulp to Mr Valois contesting his analysis :

- ⇒ Utipulp is very surprised of the Valois comments
- ⇒ Utipulp formally denies the analyse made in the Valois report
- ⇒ Utipulp underlines that the Valois analyse can be interpreted as suspicious with regard to integrity of the Utipulp’s members and of eleven National Associations of Paper makers.
- ⇒ Utipulp asks Valois to join the letter to the next report

A discussion on this matter follows. The Utipulp members are surprised that three companies could have given Mr Valois different information than those included in their declaration.

Each delegation confirms that the stock figures declared to Utipulp correspond to the stocks at the end of the last month and not to an average of the stocks at the end of the three last months as supposed by Valois Vision Marketing.

Anyway it is decided to ignore in future any comment made on Utipulp by Valois Vision Marketing

4.2.2. Statistics release

As the statistics sent out of Utipulp concern just general figures without any details and are sent to the press, they constitute public figures. It had been decided to stop the sendings by e-mail and to insert the public figures on the website.

This method of diffusion works very well. It's fast and efficient for the users (Press, Trade Associations, private 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.

Statistics of connections and downloading are presented in session, showing that 35% of the connections concern the home page where the user can download the general figures. The peaks of visits are always between the 15th and 18th of each month, showing the high interest for the Utipulp statistics. There are around 120 connections on the website on the best days.

It is reminded that the detailed figures by country are accessible for the members when using a login and a password which have to be changed at each Utipulp meeting, as decided by the General Assembly. Also, the new login and password are communicated to the members in session.

4.2.3. Evolution of the website :

Three documents are included in the folders of the attendees :

- ⇒ The statistics of the connections on the website
- ⇒ An updated "User Guide" for the members
- ⇒ A view of the each page of website

4.3 STATISTICS

4.3.1. Analyse of the Utipulp statistics :

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

✓ World total inventories (January - February 2003)

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 global stocks have been significantly increasing for three months (from October 2002 to January 2003).

The trend is confirmed for the purchasers stocks in February 2003 and it appears that the global increase is mainly due to the growth of Utipulp stocks.

On the producers side, and even if all data are not yet available for February, we see that the Norscan stocks decreased of 75.000 tons compared to January and correspond to 1.472.000 tons.

Referring to the pulp producers announces, the prices are still increasing. Foex and PPI are confirming this trend. On March 26th, Foex announced a price of 520 USD / ton for NBSK and 478 euros / ton for HBSK.

✓ **Producers inventories and utilisation rates**

The utilisation rate in the Norscan mills has been growing from October 2002 to January 2003 to reach 94% in January. The inventories in the European paper producers continue to rise strongly since November.

✓ **Stocks in the European ports**

Referring to the Europulp statistics, it appears that the have slightly increased in February after a decrease in January. It is underlined that the figures of Italian ports have be added from January 2003. For this reason, it is important to be careful in the comparison year to year.

✓ **Pulp consumption and inventories**

The market pulp consumption has significantly decreased in February (-3,4%) after the strong increase observed in January (+16,3%). The consumption is more important than on the same period of the previous year.

4.3.2. Quality of the Utipulp statistics :

A new presentation of the Utipulp statistics is proposed in session. It integrates a control panel on the first page. With this tool, the members can see all the main information on one page. The attendees appreciate the evolution of the presentation of the Utipulp statistics and thank the statistical operator of Utipulp for the work done.

4.3.3. Point on the results of the survey on the quality of the Utipulp statistics:

During the previous meeting, it has been decided that a survey should be made by Utipulp to know precisely what is sent by each country to Utipulp and to identify the part of market pulp in the Utipulp final figures of pulp consumption and pulp inventories. The result of this survey are presented in session.

Answering countries :

Austria	Netherlands
Belgium	Portugal
Denmark	Spain

France Switzerland
Germany United Kingdom
Italy

Number of companies providing figures:

- ✓ The Utipulp statistics are currently built on the basis of the monthly declarations of 236 European companies through their National Associations.
- ✓ The situation is quite different from one country to another : 1 to 115 companies answering to the National survey. (For this reason and to respect the confidentiality of individual figures, the figures of several countries are amalgamated in a group of 5 countries)

Representativeness

The figures published by UTIPULP correspond today to :

- 100 % of the National figures for 7 countries
- 99 % of the National figures for 1 country
- 95 % of the National figures for 1 country
- 88 % of the National figures for 1 country
- 33 % of the National figures for 1 country

Share of Market Pulp

- ✓ The share of market pulp in the National pulp consumption varies from 28 % to 100 % from case to case.
- ✓ The share of market pulp in the UTIPULP total pulp consumption (by level-headedness of the national figures) corresponds to 82 %.
- ✓ Due to the fact that several countries were not able to provide the same information for inventories, the share of market pulp in the UTIPULP total pulp inventories can not be calculated.

Mrs Riccioni underlines that this matter is very important and reminds the procedure for providing figures to Utipulp.

- ⇒ The figures sent to Utipulp should only take in account Market Pulp.
- ⇒ If a National Association can't collect the figures of all the companies of the country, an extrapolation has to be made in order to provide National figures to Utipulp.
- ⇒ The final statistics have to be available (after compilation, checking and making up) for the 14th of each month for the members and for the 15th for the Press and external contacts. It implies that National Associations send their own figures to Utipulp at the latest on 13th of each month.

To be definitively sure that each country is in line with the Utipulp statistics regulation, Mr Cafiero (Assocarta) proposes that Utipulp organises a meeting with the persons in charge of the statistics in each National Association member of Utipulp. This proposal is unanimously approved.

4.4. OTHER ISSUES

4.4.1. UTIPULP 2002 ACCOUNTS

Mrs Riccioni presents the Utipulp accounts 2002.

The total expenses correspond to 18.212,18 euros superior of 1% to the budget.

- ⇒ Meeting expenses are inferior of 29% to the budget. It's due to the fact that Celpa took in charge the totality of the costs of the meeting in Lisbon. All the participants thank the Portuguese delegation for this kind gift.
- ⇒ Secretariat: an increase of 13% compared to the budget, due to a rise of stationary costs. The reason is the increasing use of colour copier.
- ⇒ Website: an increase of 52% compared to the budget, due to a mistake in the calculation of the costs in budget.

The resources (contributions + interests) correspond to 18.039.34 euros. When we compare the expenses and the resources, we see a deficit of 172,84 euros in the result 2002. After having affected the deficit in the reserves, the reserves of Utipulp correspond to 8.363.34 euros (less than 6 months of functioning).

The accounts 2002 and the decision to affect the result 2002 to the reserves are unanimously approved by the General Assembly.

4.4.2. UTIPULP 2003 BUDGET

The costs of the competition survey (8.000 euros) have to be integrated in the budget 2003. It's reminded that for several years, the results of Utipulp are negative. The contributions are not any more corresponding to the debits. The consequence is that the reserves of Utipulp are regularly decreasing.

If it was not a problem in the past due to level of the reserve, it seems that it is not any more the case today. With less than half a year of expenses, the reserves of Utipulp are at their lowest possible level. The Associations have usually reserves corresponding to a little bit more than one year of functioning.

Mr François (Cobelpa) explains that Utipulp doesn't need such a level of reserves, because it's a very light structure.

Two options are proposed in session :

Option 1 :

- ⇒ Same level of total contributions : 18.000 euros
- ⇒ Extra costs of Baker & McKenzie : 8.000 euros

- ⇒ Total expenses = 27.629,35 euros
- ⇒ Total resources = 26.050 euros
- ⇒ Result 2003 = deficit of 1.579.35 euros

Option 2 :

- ⇒ Rise of the total contributions : 20.000 euros
- ⇒ Extra costs of Baker & McKenzie : 8.000 euros
 - ⇒ Total expenses = 27.629,35 euros
 - ⇒ Total resources = 28.050 euros
 - ⇒ Result 2003 = benefit of 420.65 euros

Mr Riccioni submits the choice and the approbation of the budget 2003 to the vote of the General Assembly. The option 2 is approved at the unanimity minus one.

4.4.3. Date and location of the next meeting

In the name of the Belgian Delegation, Mr François proposes to invite UTIPULP for the next meeting and proposes two possible places : Brussels and Brugge. After a short discussion it's decided to hold the meeting on the **19th of September, 2003 in Brugge**. The Belgian Delegation is thanked for the invitation in Belgium. The secretariat of UTIPULP will be in contact with Cobelpa to prepare the organisation.

5. MISCELLANEOUS

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

6. EXTERNAL SPEAKER

Mr Riccioni welcomes Mrs Fiona Carlin from Baker & McKenzie and asks her to present the results of the Utipulp competition compliance audit.

N.B: The final report of this audit constitutes the annexes A, B and C of the present Minutes

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 12:30 p.m.