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## **UTIPULP COMPETITION COMPLIANCE AUDIT**

Final Report of 3 June 2003

We are pleased to submit this report on the findings of our EU competition law audit covering the activities of UTIPULP. We have identified nothing inherently unlawful in UTIPULP's activities, but we make a number of recommendations in this report as to how UTIPULP can tighten up its rules to ensure that it remains compliant at all times and to increase competition law awareness of its membership generally.

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**Annex A - Overview of Documents reviewed during Audit of UTIPULP Secretariat**

**Annex B - Compliance Training PowerPoint Presentation**

**1. AUDIT METHODOLOGY**

We have been asked to provide a report on whether the structure and activities of the UTIPULP trade association is in compliance with EU competition law. Specifically, we have been asked to review and comment on:

- UTIPULP's statutes and internal regulations
- UTIPULP's statistical exchange (content, dissemination, confidentiality)
- UTIPULP's meetings (agendas, minutes, discussions, economic data exchanged).

We were also asked to carry out an investigation at the UTIPULP secretariat in the same way as the competition authorities could be expected to do so.

For the purposes of our audit, we were given access to the member pages of UTIPULP's website. We examined UTIPULP's Articles of Association and Rules of Application, the minutes of General Assembly meetings and samples of statistical data provided to the members.

We interviewed Guillaume Arnould des Lions and Maryline Baertsoën and carried out a sample audit of correspondence files, computers files and e-mails at their office. This on-site audit took place on 24 March 2003. We attach at **Annex A** a chart of relevant documents that we photocopied during the audit. With the exception of our comments as to why we consider them of interest, this document uses the same methodology as the European Commission in terms of recording documents copied during an unannounced investigation.

Finally, we attended the UTIPULP General Meeting which took place in Lugano on 28 March 2003 at which we provided a brief competition compliance training presentation. A copy of that presentation is attached at **Annex B**.

By way of introduction, Section 2 below provides a brief review of the basic rule of EU law that governs relations between competitors. Our audit findings are set out at Sections 3-5 below. At Section 6 we have made a number of recommendations.

**2. ARTICLE 81 OF THE EC TREATY**

Article 81 of the EC Treaty prohibits agreements between companies, decisions by associations of companies, and concerted practices or collusion, which have as their object or effect the restriction or distortion of competition within the European Union. This wording is intended to catch all kinds of formal and informal co-operation between companies that is designed to limit competition.

Decisions of trade associations usually take the form of recommendations or resolutions. Even when non-binding, such decisions infringe Article 81 if they have the effect of consolidating existing market shares, limiting imports, or generally interfering with the commercial freedom of members to supply at whatever price and to whomever they choose.

Belonging to a trade association implies acceptance of its rules and conduct - not only in relation to activities expressly provided for in the Articles of Association, but also in relation to its actual activities. Consequently, if a trade association engages in anti-competitive behaviour - even if not authorised to do so by its statutes - members can be held liable for such conduct.

Even an “off the record” discussion, whether at a trade association meeting or in the bar afterwards, can give rise to liability. There need be no written record - often an oral admission by one of the participants will be enough evidence for the authorities to investigate.

This means that individual members must be vigilant in ensuring that a trade association is not used as an instrument to restrict competition. In case of doubt as to the legality of any trade association activity, any related discussion or action should be postponed until the situation is checked with legal counsel.

The European Commission is entitled to impose substantial fines on the parties to an anti-competitive agreement that infringes Article 81. Fines can amount to up to 10% of total worldwide annual sales. National competition authorities are also stepping up their enforcement efforts and imposing ever higher fines on companies found to have been colluding with their competitors.

The pulp and paper sectors have been the subject of cartel investigations in the past and today there are a number of ongoing investigations in Europe and elsewhere. Even an investigation that ultimately proves unfounded can cost the companies involved dearly in terms of legal fees and disruption to business. It is critical therefore that meetings amongst competitors do not give rise to any suspicion that they are a vehicle for unlawful collusion.

### **3. ARTICLES OF ASSOCIATION AND RULES OF APPLICATION**

We have examined UTIPULP's Articles of Association and the Rules of Application. Both sets of rules clarify UTIPULP's purpose, its membership rules, organisational structure, and activities including the collection and exchange of statistical data.

#### **3.1 Purpose of UTIPULP**

**Legal Background:** On numerous occasions in the past, the Commission has found evidence of anti-competitive collusion taking place at trade association meetings or on the fringes of such meetings. Every meeting amongst competitors gives rise to a risk that discussions slip from legitimate to unlawful topics of mutual interest. For this reason, it is important that the statutes of any trade association clearly stipulate the objectives of the association and that activities/discussions amongst the members do not deviate from those objectives.

Article 2.2 of the Articles of Association defines the objective of UTIPULP as follows:

*"To study as diligently as possible the technical and industrial aspects of the problems related to the paper making pulp supply of the European Paper and Board Industry and its prospects at world level."*

In addition, the association may "...co-operate with paper making pulp users and manufacturers organisations" from countries outside the EU or EFTA.

The purpose of UTIPULP is extended further in Article 2 of the Rules of Application, which provides that "...the Association should make it possible for its members to have a satisfactory knowledge of the woodpulp market and of its prospects."

As currently worded, the Articles of Association and the Rules of Application do not accurately reflect the objectives of UTIPULP and, in our view, are too vaguely and broadly defined. These provisions should be clarified in order to remove any ambiguity as to the real purpose and activities of UTIPULP. By defining the objectives as accurately and as comprehensively as possible, the risk is reduced of the membership taking *ad hoc* decisions to expand the scope of activities in a way which may give rise to competition law concerns.

When rephrasing these Articles, wording along the following lines might be appropriate:

*"The objectives of the Association are to achieve a better understanding on the part of purchasers of pulp for the European paper and board industry of capacity and potential supply issues likely to disrupt or otherwise affect supply of pulp, including regulatory and other developments at a global level likely to have an impact on supply in Europe."*

*For this purpose, the Association may:*

- (a) Organise the collation and reporting of certain data on shipments of pulp in Europe in a way that ensures that the methods of collection, analysis and reporting of such data at all times complies with EU competition laws.*
- (b) Share non-confidential market information gathered from the media, Internet, industry publications, conferences, exhibitions, standardisation bodies, regulatory authorities, etc... Such shared information shall not include business secrets or any other confidential information.*
- (c) Co-operate with other pulp users and manufacturers organisations located outside the EEA with a view to achieving the objectives listed above.”*

We believe that if the objectives are clearly defined in the Articles, there is no need to further expand them in the Rules of Application.

Article 4.3 of the Articles of Association provides that the General Assembly may set up select committees to study unspecified problems. We recommend that the Articles of Association state for which purposes a select committee may be set up (e.g., environmental issues, standardization, etc...) provided that these purposes fall within the defined scope of the Association's objectives.

### **3.2 Membership**

#### **3.2.1 Membership Admission Criteria**

**Legal Background:** Trade associations may establish rules governing admission in order to achieve their stated objectives, provided those rules do not operate in an arbitrary or discriminatory fashion. Membership of a trade association should be voluntary and open to any interested party in the relevant industry sector. There should be no sanctions imposed on those who choose not to join.

According to Article 3.1 of the Articles of Association, the following may become members of UTIPULP:

- (a) national associations of EEA paper and board industries
- (b) Groups or Associations of market pulp users not members of national associations.

It is not clear who the “Groups” or “Associations” at § (b) might include and this provision should be clarified.

Furthermore, we understand that there are other *de facto* admission criteria and we recommend that these be stipulated in the Articles. For example, according to Mr. Arnaud des Lions, the national associations in Eastern Europe have been unable to join UTIPULP since they have difficulties to obtain accurate statistical data on a monthly basis. This suggests that the ability of national associations to compile representative data for their territory should be an explicit membership criteria.

According to Mr. Arnaud des Lions, the national associations in Norway, Sweden and Finland have not joined UTIPULP due to the fact that most Scandinavian companies are pulp manufacturers and users. In at least one case, UTIPULP has accepted a pulp manufacturer, namely SOPERCEL/PORTUCEL (Portugal). This company is primarily a pulp manufacturer and many of UTIPULP's members are its customers. PORTUCEL's status as national delegate was accepted subject to the condition that the individual attending UTIPULP's meetings be exclusively in charge of pulp purchasing.

We recommend that the Articles address the potential conflict of interest arising from the fact that certain attendees represent companies having a dual function of pulp producer and user. This could be addressed by providing that a representative of a pulp user that is also a pulp producer may attend, provided the representative is from the pulp purchasing department and undertakes not to transmit UTIPULP data outside that purchasing department. In practice, this might be difficult to enforce, but it would not seem possible to exclude pulp manufacturers entirely given the nature of UTIPULP's membership. The basic principle is that the admission of members should not be at the discretion of the Executive Committee and that pulp producers/users should be treated alike for the reasons explained below.

### 3.2.2 Membership Application Process

**Legal Background: European competition law requires that the membership of trade associations be in accordance with reasonable, transparent and objective criteria.**

Article 3.3 of the Articles of Association provides that applications will be decided by Executive Committee with appeal to the General Assembly. It would be advisable to clarify the grounds on which the Executive Committee of a membership application in Article 3 to ensure that any such decisions are objectively justified.

We recommend that Article 3.3 of the Articles of Association be amended along the following lines:

*Applicants for membership will submit their application to the Executive Committee. No later than ten<sup>1</sup> business days after receipt of such application, the Executive Committee*

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<sup>1</sup> The deadlines in this proposed language are suggestions only. UTIPULP may introduce a different schedule, but the process of applying for membership should not be unduly lengthy.

*shall acknowledge receipt of the application and shall notify the applicant that the application shall be considered at the next regularly scheduled meeting of the Executive Committee.*

*The Executive Committee shall notify the applicant of any deficiencies in the application and permit such applicant to re-submit its application.*

*Where it is established that the applicant satisfies the membership criteria set forth in Article 3.1 above, the Executive Committee at its next regularly scheduled meeting shall approve the application. No later than ten business days after such approval, the Executive Committee shall inform the applicant of the decision and provide the applicant with a copy of the Articles of Association.*

*If the application is rejected, the Executive Committee shall inform the applicant of the decision within the business group. The applicant may appeal the decision to the General Assembly within two months. The General Assembly will convene within one month of receipt of the appeal to hear the applicant and make a final decision on the applicant's membership application. If the General Assembly decides to reject the application, it will issue a reasoned decision to the applicant.*

*Each member shall retain its member status unless such member status has been terminated in accordance with the terms of these Articles of Association. The number of permitted members of the Association shall be unlimited.*

### **3.2.3 Exclusion of Members**

**Legal Background:** As with association membership criteria, the rules on expelling members from the association should be based on reasonable, objective and transparent grounds and should not serve as a potential “punishment” mechanism for remaining members to arbitrarily exclude members.

Article 3.5 of the Articles of Association provides that a member can be excluded from the Association on grounds of a serious offence (defined broadly as any breach of the rules and any action detrimental to the achievement of the objectives) and by a decision of the General Assembly taken with a 2/3rds majority.

We recommend that the concept of serious offence be redefined as follows:

*“A serious offence will be considered as:*

- (a) any act or practice that adversely affects the name, goodwill, reputation or interests of the Association*



- (b) the failure to actively participate in and contribute to the Association's objectives in a material and consistent manner*
- (c) failure to comply with European competition law or applicable national competition laws*
- (d) failure to pay the membership fees when due*
- (e) any other material breach of the Articles of Association or the Rules of Application."*

### **3.2.4 Calculation of Membership Fees**

The membership fees paid by the national associations to UTIPULP are calculated on the basis of the total pulp consumption in their respective countries for the previous year.

For the countries which are grouped for statistical purposes (Belgium, Denmark, Netherlands, Portugal and Switzerland), a percentage of pulp consumption is allocated to each country in accordance with their declarations. The list of the fees to be paid by each national association, mentioning each country's pulp consumption, is then communicated to all UTIPULP's members for approval.

In this respect, it is worth noting that the Danish national association only declares one company. Therefore, the consumption of the Danish company is easily identified in the calculation of fees communicated to all UTIPULP's members. The same problem may arise in other countries where there are a limited number of users. In the following countries in particular, the pulp consumption of these companies may be easily identified:

- Netherlands (3 companies representing 88% of the national pulp consumption)
- Portugal (4 companies representing 100% of the national pulp consumption).

Even if these figures may be historic or may be in the public domain from other sources, it would be preferable to communicate to UTIPULP's members only the amount of the fees to be paid by each national association without declaring the pulp consumption of each country. Such information should be sent only to each national association concerned. Alternatively, the members may wish to agree to a more simple method of membership fee calculation.

#### **4. STATISTICAL EXCHANGE**

**Legal Background:** EU competition law prohibits the exchange of confidential and company-specific information such as data on output, capacity utilisation rates, costs, sales volumes, market shares, marketing plans, *etc.* However, the exchange of aggregated statistical information within a trade association will not be problematic provided it is general and non-confidential in nature. Such data must concern at least three independent producers and must not enable the identification of individual businesses.

##### **4.1 Operation of the Statistical Exchange**

UTIPULP compiles statistics for its member national associations and exchanges statistical information with trade associations located outside the European Union.

We understand that each individual company sends its data on a monthly basis to its national association's secretariat. These data include each company's woodpulp consumption, stock levels in kilo tonnes and the average number of days of storage, aggregated per grade and per country.

UTIPULP has recently launched a survey to determine the accuracy of the national data sent by its members due to concerns that some national associations were sending data concerning both "market" pulp purchased from manufacturers and "integrated" pulp manufactured for internal use. UTIPULP is only interested in the former.

The Secretariat of the national association then compiles these data and sends them to UTIPULP's secretariat by the end of the first week of the following month and in any case no later than the 13<sup>th</sup> of the following month.

UTIPULP's secretariat aggregates these data and releases them to its members between the 15<sup>th</sup> and the 17<sup>th</sup> of the following month. Statistical information is also released to the press and other organisations, such as banks and research centres.

UTIPULP groups the statistics concerning Belgium, Denmark, Netherlands, Portugal and Switzerland because the total volume of pulp consumption in those countries remains low and there are only a few active players on the market who could otherwise be easily identified in the statistics.

UTIPULP requests its members to send their national data not only for the current month but also the final figures for the previous one, in order to make revisions if necessary. UTIPULP's Executive Committee conducts such revisions. According to Mrs. Baertsoën, revisions of national data remain minor (average of 1% of difference). Such revisions are not made public.

The professional press has in the recent past alleged that there is a risk of manipulation by national associations or by their member companies of the data relating to pulp inventories and consumption:

*“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 declined to dangerously low levels in December, and did not want to influence the final result, and provide arguments for pulp producers to raise prices February 1”<sup>2</sup>.*

These allegations have been refuted by UTIPULP. Mr. Arnaud des Lions considers that there is no risk of data manipulation by the national associations or their members, even on an occasional basis, for the following reasons:

- give the existence of other sources concerning pulp consumption, which are provided on a yearly basis (CEPI, COPACEL, etc.), at the end of each year, UTIPULP could detect any significant difference between the data sent by the national associations and the data obtained from other sources
- most national associations (except France) include both pulp manufacturers and users; any manipulation of figures in favour of the pulp users would therefore be made to the prejudice of the pulp manufacturers.

Asked about the interest of UTIPULP’s statistics for its members, Mr. Arnaud des Lions explained that it is important to follow the market trends. For example, in case of increased stocks in other countries, companies may consider that they did not have access to certain information that other companies already have (e.g., expected price increases, etc.).

UTIPULP exchanges statistical information with other trade associations, and most regularly with four non-European associations from Canada, Japan, Chile and Romania. UTIPULP receives monthly statistics from these associations covering the aggregate woodpulp consumption in their respective countries. The statistics do not contain data about stock levels or other information. The statistics that UTIPULP makes available to non-members cover the EU-wide figures of woodpulp consumption, stock levels in kilo tonnes and average days of stock storage.

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<sup>2</sup> Valois Vision Marketing, report of 31 January 2003, DDG 33.

#### **4.2 Recommendations**

We understand that the UTIPULP statistics assist purchasing managers in assessing whether pulp prices might fluctuate in the short term because they provide a picture of the balance of supply and demand in the market.

This is a legitimate exercise for as long as the data exchanged are sufficiently aggregated so as to give an overall picture of the market from which any one undertaking's commercial conduct cannot be discerned.

Article 2.4 of the Rules of Application correctly recognise that the data exchange must not allow the identification of individual company data and must be aggregated on a country-by-country basis. We recommend that these Rules be further elaborated to require national associations:

- (a) to keep the company data confidential, secure and protected against unauthorised access and not to use the data for any other purpose
- (b) to abstain from exchanging aggregated data if at any given moment there are less than three companies participating (zero or negligible inputs must also be excluded when they might cause the disclosure of individual companies' data) or take immediate steps with UTIPULP's secretariat to aggregate country reports to avoid this happening.

We also recommend that UTIPULP ensure that the data are sufficiently aggregated on a product grade basis.

UTIPULP's statistics provide figures for the following grades: DIP, CTMP, Unbleached (Sulphite and Kraft), Bleached or Semi-Bleached (Sulphite and Kraft each in turn broken down into softwood and hardwood). UTIPULP should consider whether this breakdown by grade is capable of rendering certain company conduct transparent. If so, some of the grades should be aggregated.

In this context it is worth noting that the American Forest and Paper Association specifies in the statistics it sends to UTIPULP that, for sulphite and unbleached sulphate, "*data is not disclosed by grade from August 2002 and forward due to anti-trust rules, but is included in total chemical*" (*US Consumers' Purchased Pulp Inventory Data – December 2002*, DDG 23).

## **5. UTIPULP ORGANISATIONAL STRUCTURE AND MEETINGS**

UTIPULP is administered by an Executive Committee, a General Assembly and a Secretariat.

### **5.1 The Executive Committee**

The Executive Committee is composed of five members, which must be of different nationalities. Pursuant to Article 1 of the Belgian law on International Associations of 25 October 1919, one member of the Executive Committee must be Belgian.

The European Commission challenged this nationality requirement before the European Court of Justice, claiming that it infringed the European rules on freedom of establishment and constituted an unlawful discrimination on the grounds of nationality. In response to this action, the Belgian Government adopted an Act on 30 June 2000 removing the requirement that at least one member of an international association's executive body be Belgian.

Consequently, we would recommend that the second sentence of Article 5.2 of the Articles of Association, as well as Article 6 of the Rules of Application be deleted in order to reflect this change in the law.

### **5.2 General Assembly Meetings**

We have examined the minutes of the UTIPULP General Assembly meetings that took place from 29 September 1992 to 27 September 2002 and have attended the General Meeting in Lugano on 28 March 2003.

During these General Assembly meetings, which occur twice a year, a presentation is usually made by Mr. Arnauld des Lions who provides a general overview of market woodpulp prices and stock trends. There are significant sources of pulp data available from other sources including PIX Pulp indexes from Foex, Pulpex Weekly newsletter on the pulp futures market, and the PPI "This Week Report" from Paperloop publishers amongst others. Some of these sources are referred to/distributed by Mr. Arnauld des Lions.

At each meeting, a representative from each country is asked to provide a brief overview of general developments in their national market. This typically includes comments on:

- whether the economy is growing,
- the rate of inflation,
- the unemployment rate,
- whether paper consumption is growing and, if so, in which sectors (e.g., tissue growth is strong, newsprint is weak due to the fall in advertising, difficulties experienced in the printing sector, etc.),
- the movements of pulp prices.

These discussions are reflected in general terms in the minutes of each meeting and neither the discussions nor the method of recording these in the Minutes give rise to concern.

However, at the General Meeting in Lugano on 28 March 2003 which we attended, we noted that during some presentations, individuals spoke on behalf of their companies rather than as representatives of the national associations and, in this context, commented on individual company plans, or on pricing trends on downstream paper markets. For example:

- paper prices are still under pressure, so attempts to increase prices are questionable – some competitors are announcing increases in woodfree coated paper, but this will be difficult to push through in the next few months
- several people mentioned that their companies had announced a woodfree price increase starting 1 April but were having problems implementing it despite increased demand
- we have enough pulp in stock and will buy less in May
- we expect to achieve a price increase for finished products before summer
- there is overcapacity for wood containing grades so we don't think we will achieve price increases this year.

The fact that pricing is informally mentioned illustrates that the General Meetings are an opportunity, at least for some participants, to discuss market trends that go beyond issues related to pulp purchasing. There is a risk that such informal occasions can be used as a means of “signalling” competitive behaviour. If, for example, customers were to complain to the authorities that paper producers were announcing simultaneous and identical price increases, then informal comments on pricing at UTIPULP meetings could conceivably be used as evidence to support the allegation that the price movements are the result of collusion.

Every meeting between competing companies gives rise to suspicion on the part of the competition authorities. It may be useful for UTIPULP members to bear in mind the test for competitor contacts laid down by the European Court of Justice:

*“Each economic operator must determine independently the policy which he intends to adopt on the ... market.... Although it is correct to say that this requirement of independence does not deprive economic operators of the right to adapt themselves intelligently to the existing and anticipated conduct of their competitors, it does however strictly preclude any direct or indirect contact between such operators, the object of effect whereof is either to influence the conduct on the market of an actual or potential competitor or to disclose to such competitor the course of conduct which they themselves have decided to adopt or contemplate adopting on the market”<sup>3</sup>. (emphasis added)*

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<sup>3</sup> Cases 40-114/73 Coöperatieve Vereniging “Suiker Unie” UA v Commission [1975] ECR 1663, paras. 173-174; Cases T-202-207/98 Tate & Lyle v Commission [2001] ECR II, paras. 55-56.

The pricing comments cited in the bullet points above are very general in nature and do not constitute, in themselves, a breach of the competition rules. However, we strongly recommend that representatives attending UTIPULP meetings refrain from any discussion of downstream pricing and company plans regarding pulp purchases, capacity utilisation rates, price increases and the like.

### **5.3 UTIPULP's Secretariat**

Mr. Arnaud des Lions is employed by COPACEL, the French association of the pulp, paper and cartonboard industry. He also has a role with several other professional associations, namely (i) the French association of manufacturers of paper for printing and writing, and (ii) the French association of pulp users (UTIPATES). Such associations are members of COPACEL but are independent from a statutory point of view.

Mr. Arnaud des Lions deals with certain environmental and communications issues in COPACEL. Mr. Arnaud des Lions has a more active role (secretariat and statistics) in the French association of manufacturers of paper for printing and writing.

Mr. Arnaud des Lions is also the secretary of UTIPATES, the French association of pulp users. He prepares the UTIPATES meetings and supervises the statistics on stocks and consumption in France. The aggregated statistics prepared by UTIPATES on a monthly basis are communicated to UTIPULP. Since not all the pulp users in France are members, UTIPATES extrapolates the data collected to obtain 100% of the market.

In addition, Mr. Arnaud des Lions is the Secretary General of the AFDP (*Association Française des Distributeurs de Papier*). This association represents French wholesalers of pulp and paper. AFDP represents one third of the paper distribution business in France. AFDP is a member of the European Wholesalers Association, ERGROPA.

There is a written code of conduct between COPACEL and AFDP to define the functions and powers of Mr. Arnaud des Lions in order to avoid any conflict of interest when exercising his activities for such associations. In particular, Mr. Arnaud des Lions has no access to the specific market data provided by the members to AFDP, but only to the aggregate data.

For the purposes of the audit, Mr. Arnaud des Lions' personal daybook was examined. Mr. Arnaud des Lions has a daybook for both UTIPULP and UTIPATES. He has other personal daybooks for COPACEL, AFDP and the French association of manufacturers of paper for printing and writing.

It is our understanding that Mr. Arnaud des Lions does not have access to the specific data submitted by companies belonging either to AFDP or to UTIPULP (through national associations such as UTIPATES).

Mr. Arnaud des Lions demonstrated a high level of awareness of the potential for conflict of interest as the result of his various roles and the need to avoid any ambiguity in this respect. We found nothing to suggest that his multiple functions would in any way facilitate any unlawful arrangements between members of the various associations concerned.



**6. CONCLUSIONS AND RECOMMENDATIONS**

1. As currently worded, the Articles of Association and the Rules of Application do not specify with sufficient precision the objectives of UTIPULP. We have suggested language as to how these provisions should be clarified.
2. Article 4.3 of the Articles of Association should be amended to specify for which purposes a select committee may be set up (e.g. environmental issues, standardization, technical matters, etc...) within the remit of the Association's objectives.
3. We recommend that the admission criteria, the grounds for rejection of membership applications, and the grounds for expelling members be clarified in Article 3 of the Articles of Association to ensure that the rules are objective.
4. We recommend that the fees to be paid by each national association be calculated and communicated in a way that does not allow the dissemination of specific company data.
5. It is imperative to ensure that individual companies cannot be identified from the shared aggregated data. Therefore, UTIPULP should not release to its members any data on a specific country if there are less than three companies declared in such country or ensure that such data are aggregated with other countries. Similarly, UTIPULP should review whether the product grade breakdown is necessary and whether aggregates of certain grades might be required to ensure anonymity.
6. The second sentence of Article 5.2 of the Articles of Association, and Article 6 of the Rules of Application, which provide that at least one member of the Executive Committee be Belgian, should be deleted in order to reflect a change in Belgian law on this point.
7. UTIPULP members should not discuss pricing or other company-specific commercial matters even in very general terms during UTIPULP General Assembly meetings or on any other occasion.

**Fiona M. Carlin**  
Brussels, 3 June 2003