

UTIPULP
GENERAL MEETING
BRUSSELS – September 16th, 2011

MINUTES

- ATTENDEES -

UTIPULP

Mr Norman	SNEL	De EENDRAGT b.v., Chairman
Mr Jerome	RUPIED	UTIPULP Secretary

AUSTRIA (AUSTROPAPIER)

Mr Paul	BARTMANN	MONDI
Mr Peter	OFFNER	BRIGL & BERGMEISTER GmbH

BELGIUM (COBELPA)

Mr Victor	KAMM	SAPPI
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FRANCE (COPACEL Achat pates)

Mr Pierre	UZUREAU	SMURFIT KAPPA
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GERMANY (VERBAND DEUTSCHER PAPIERFABRIKEN)

Mrs Ute	JOHNEN	KANZAN SPEZIALPAPIERE GmbH
Mr Klaus Dieter	KIBAT	VDP
Mr Burckhard	KRUECKE	WEPA PAPIERFABRIK
Mr Peter	RANFTL	MYLLYKOSKI
Mr Volker	SIMON	METSA TISSUE Corp.

ITALY (ASSOCARTA)

Mr Luigi	ASTENGO	BURGO Group
Mr Luigi	LAZZARESCHI	DELICARTA SPA
Mr Giovanni	PELIS	GRUPPOCORDENONS SPA
Mr Vitaliano	VANTINI	FEDRIGONI CARTIERE

SPAIN (ASPAPPEL)

Mr Rubén	SIMARRO	CLARIANA, S.A
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SWITZERLAND (ZPK)

Mr Joerg	BITTERLI	KIMBERLY CLARK
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UNITED KINGDOM (CONFEDERATION OF PAPER INDUSTRIES)

Mr Brian	DILLON	SCA
Mr John	GOVIER	ARJO WIGGINS Ltd

- **EXCUSED** -

AUSTRIA (AUSTROPAPIER)

Mr	Peter	DONNABAUER	DELFORT Group
Mr	Patrick	MADER	AUSTROPAPIER

BELGIUM (COBELPA)

Mr	Firmin	FRANCOIS	COBELPA
Mr	Pierre	MARNEFFE	IDEM PAPERS

FRANCE (COPACEL Achat pâtes)

Mr	Diego	BORELLO	AHLSTROM
Mr	Jean-Olivier	ROUSSAT	PAP. CLAIREFONTAINE

GERMANY (VERBAND DEUTSCHER PAPIERFABRIKEN)

Mr	Vladimir	MAIER	GLATFELTER GERNSBACH
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ITALY (ASSOCARTA)

Mrs	Cinzia	CARADINI	ASSOCARTA
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NETHERLAND (VERENIGING VAN NEDERLANDSE)

Mr	Enrico	BROUWER	V.N.P.
Mr	Gerrald	BLOUW	COLDENHOVE PAPIER BV

PORTUGAL (CELPA)

Mr	Joao Gorjao	CLARA	RENOVA
Mr	Armando	GOES	CELPA
Mr	Manuel	MOREIRA DOS SANTOS	SOPORCEL

SPAIN (ASPAPPEL)

Mr	Armando	GARCIA MENDOZA	ASPAPPEL
Mr	Luis	RIOS	TORRASPEL

SWITZERLAND (ZPK)

Mr	Martin	HAEBERLI	ZPK
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UNITED KINGDOM (CONFEDERATION OF PAPER INDUSTRIES)

Mr	Steve	FREEMAN	CPI
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AGENDA

I - WELCOME

- Welcome and apologies
- Approval of the Agenda

II - DEBATE

- General trade rules
- The development of pulp demand in China

III - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

- Edinburgh, April 15th 2011

IV - GENERAL ISSUES

- Executive Committee members
- Composition of the National Delegations
- Communication : UTIPULP website

V - KEYPOINTS OF THE PAPER INDUSTRY

- Short comments on keypoints in the member countries
- UTIPULP statistics : publication guidelines

VI - OTHER ISSUES

- Date and location of the next meeting

I - WELCOME

Mr. Norman SNEL, UTIPULP Chairman, opens the meeting. He thanks the participants for their participation in the present meeting. He welcomes the new members.

The Secretary communicates the apologies of the absent delegates.

Agenda

The meeting file has been put on the UTIPULP website before the meeting; it is composed of the statutory UTIPULP documents, the Backer and McKenzie competition guidelines, and information relative to the points of the agenda.

The Chairman reads the agenda of the today meeting, which has been prepared by the Executive Committee. The agenda is approved by all the members.

Competition guidance

The Chairman underlines that the members must debate on the topics with respect to the competition compliance rules, which forbid any exchange about sensitive points.

As decided by the previous General Assembly, a revision of the UTIPULP competition guidelines was ordered to BakerMcKenzie, as well as an audit of the UTIPULP documents and practices.

BakerMcKenzie prepared general guidelines in information exchange which have been put in the meeting file. They should be distributed to all participants in the UTIPULP meetings.

The auditors examined the minutes of the UTIPULP General meetings in 2009-2010, the recent statistics prepared by UTIPULP, the Articles of Association, the related rules of application and the rules relative to the statistical operations. They did not find in the minutes any evidence of unlawful discussion. As to the statistics they remind that the statistics must not allow the members to identify or assess with sufficient precision the commercial data relating to individual producers. They recommend that UTIPULP will check how the statistical samples of the National associations are constituted (at least 3 significant companies), and how the National associations dispatch the UTIPULP statistics to their members.

The auditors noted that delegates at the General Assembly may represent companies which are both pulp buyers and pulp sellers. According to their advice concerning this situation, the Chairman requires the delegates not to communicate data or information obtained through their participation in UTIPULP's activities to other departments within their company.

The expense for this competition reports amounts to 2500 euros, according to the budget defined previously by the General Assembly.

II - DEBATE

General trade rules

As decided during the last General meeting, the aim is that the UTIPULP members prepare a draft of new General Trade Rules, with a view to obtain the change of the current GTR, which are too much in favour of the seller. This draft would be prepared either by a UTIPULP working group during specific meetings, or more probably by the way of mails exchanges.

Before launching the project, it was necessary to precise the topics to be treated in priority. The Secretary contacted Diego Borrello, who confirmed that the topics commented during the meeting in Edinburgh are the priorities, as far as he is concerned. The participants in the present meeting confirm also that the topics listed previously should be examined.

One topic is added, relative to the clause 6 saying that in any case the buyer must pay. This clause involves difficulties when the supplier does not comply with the applicable rules, for example in the case it is referenced in a "blacklist area". It seems necessary to demand that the supplier avoids this situation according to law. Although this point seems specific to Italy, the members agree that it will be examined.

The members give the following indications about the necessary changes to be made to the General Trade Rules clauses. Several members engage themselves to contribute.

Clause 3 : Quantity margin - it should be re-written as today it is too much unbalanced in favour of the Vendor.

- Luigi ASTENGO will contribute

Clause 6 : obligatory payment – The supplier's situation should be according to the Law.

- Giovanni PELIS and Vitaliano VANTINI will contribute

Clause 7 : Limitation of damages - we would like to have included at least the refunding of the additional costs the buyer may have to replace the non conforming goods.

- Luigi ASTENGO will contribute

Clause 9 : Delayed shipment caused by late arrival of ship - it should be modified in order to cope with current logistics organisation

- Diego BORRELLO will contribute

Clause 10 : Increased costs - this clause should be simply eliminated

- Norman SNEL will contribute

Clause 13 : Applicable law - the applicable Law should not be regularly the one of the Vendor. It is recommended at least that the applicable Law would not be stipulated in the contracts, or we could accept a third neutral country.

- Paul BARTMANN and Diego BORRELLO will contribute

Introduce a clause on competition law - The General Trade Rules should definitely precise that the contract should contain a clause on Competition Law.

- Paul BARTMANN will contribute

The contributors will work on the basis of the GTR which they own, since no way exists to precise which version would be the best reference. The contributors will send the draft of new wording to the Secretary, who will inform all the members.

The Chairman recommends that a new GTR document will be ready at the end of March 2012, before the next UTIPULP meeting. Therefore a first draft for all the concerned clauses should be available **at the end of January 2012**.

The development of pulp demand in China

The Chairman presents graphs issued by Terra Choice and Hawkins Wright about the Chinese paper and board production, the pulp imports and the paper market over a long period of time. The Chinese investments realized during the years 2009 – 2011 boosted the demand for imported pulp, along with lower domestic pulp production. They created new paper production capacities of 7,5 millions tons. However, the Chinese official statistics seem doubtful in several points, as they show an impressive growth of the paper and board production, which is not in accordance with the known growth figures related to newly built machines

III - APPROVAL OF THE PREVIOUS MEETING'S MINUTES

The previous meeting was held in Edinburgh (UK) on April 15th, 2011

The Chairman asks whether members wish to present remarks or ask for modifications of the minutes. In the absence of remarks or demands of modification, the minutes are approved.

IV - GENERAL ISSUES

Executive Committee members

The Executive Committee members would like to increase the number of the EC members by one to put it at 7 members, and they would allow Mr Paul BARTMANN to join the EC. The participants do not express any remark or opposition, and the proposal is approved unanimously.

Therefore The Executive Committee' composition is as follows.

Norman SNEL, Chairman

Victor KAMM, vice-Chairman

Paul BARTMANN

John GOVIER

Luigi LAZZARESCHI

Jean-Olivier ROUSSAT

Volker SIMON

Composition of the National Delegations

The Secretary informs about the changes in the composition of the national delegations. The new delegates are the following

AUSTRIA Peter Offner

NETHERLANDS Gerrald BLOUW

The following National Associations are missing delegates

COPACEL (FRANCE) 1 delegate

CPI (UK) 1 delegate

The Secretary informs that the number of delegates in the list refers to the Rules of application of the Articles of Association. It is actually the number of the company delegates, the representative of the national association is not counted as a delegate.

Minutes of the UTIPULP General Assembly – Brussels (Belgium) – September 16th, 2011

Communication : UTIPULP website

At every meeting the password is changed so that the website part member is protected. The members agree that the new password would be confidential, for that reason it is not indicated in the mails sent to the members. However the password should also be easy enough to remember. The proposed password is approved.

The possibility to create individual passwords for the members will be examined with the website administrator, as well as the cost of adapting the system and authorize the individual passwords.

V -KEYPOINTS OF THE PAPER INDUSTRY

Short comments on keypoints in the member countries

UK - The paper industry lost the graphic paper activity; there remains especially a production of tissue and of specialty papers , with companies in a rather good situation.

Spain - The production of the tissue sector is under last year figures. The printing and writing activities are more or less in line with last year. No specific project can be noted in the packaging and fluting sector.

Austria – The first half 2011 looked promising, but significant changes happened during summer. Companies have been restructured. As to the legislation a new tax on waste paper has been announced.

Italy - The tissue sector is not going as well as foreseen, with a quite weak demand, and companies being restructured. As to printing and writing, the paper prices are going down. The energy costs will probably be precised next year, with an impact over the profitability of the companies.

Netherlands – The graphic sector has been reduced, the packaging sector became the first paper activity.

Belgium - There remains many uncertainties of the political evolution of the country.

France - The companies UPM and M Real announced they will sell mills in East France and in Normandy. The 2011 paper production is decreasing; it is now only at the 2009 level for both graphic, and wrapping and packaging papers. The Research and Development operations are considered essential to maintain the level of the industrial activity.

Switzerland – The paper industry is not in a good situation except the tissue sector. The political decision to maintain the Swiss Franc at the level of 1,2 is very expensive for the central bank.

Germany – The growth forecast for 2011 – 2012 has been reduced. The recovered papers remain at a high price level. As to specialty papers, Greenpeace makes a big story with poison paper. As to the publication papers, the question is about the availability of raw materials.

UTIPULP statistics : publication guidelines

➤ Comments on statistics

The Secretary asks whether the members wish to express any comment about the UTIPULP statistics. Some suppliers group may intentionally delay publishing their figures. Until now UTIPULP did not succeed in improving this situation. We should try to convince them however to publish the figures as early as they are available.

According to the rules, the UTIPULP statistics of one month are available on the 15th of the following month on the member part of the website. The public data are available 2 days later on the public part of the website

➤ Financial questions

The Chairman reminds the figures of the UTIPULP accounts. The 2010 result was negative by 3500 euros; it was compensated by the accumulated reserves. The 2011 result was a deeper deficit of - 5000 euros partly because of the extraordinary expense of the compliance audit (2500 euros). The cause of the repeated deficits is that the social events are entirely paid by UTIPULP instead of the National Associations, according to the decision of the UTIPULP meeting in Brussels on April 17th, 2009. UTIPULP has not increased the fees paid by National Associations to cover that. Otherwise UTIPULP pays a fee to COPACEL for the accounting. Some members note that the UTIPULP cost remains rather low in comparison with other organisations.

As to the annual EUROPULP event, EUROPULP pays for the participation of the UTIPULP members in the seminar only. UTIPULP pays for dinner, i.e. 40 euros / person this year. If UTIPULP would pay for the whole event, the cost would be 95 euros / person. The advices on this point are varied, but it is finally decided that nothing will be changed about the UTIPULP financial contribution to the EUROPULP event.

As to the UTIPULP annual accounts, the objective would be to get a slight positive result, preferably without increasing the contribution paid by the National Associations.

➤ The project of statistical fee

The Chairman thinks that the non UTIPULP members could be proposed to receive the same information as the members, which would be dispatched very rapidly after the members. 10 banks and perhaps a couple of big suppliers might be interested by this new service and would accept to pay for it. A two level price could be defined at 900 euros or 300 euros. In that case the free information would be available for the non contributing public by 1 or 2 weeks. The question remains about the market of this new service : can we ask RISI for example, which makes free information available on the website.

Some members estimate that it would be contraproductive to make our data later available. If UTIPULP sells the data, we will have a fight with the Brazilian who will publish their data as early as we do it.

As a conclusion the majority of the members express against selling the statistical data.

➤ The project of a complementary member contribution

The Chairman proposes that the participants vote on the project of sending a complementary invoice to the UTIPULP company members with a view to cover the UTIPULP costs. The majority of the members agree with the project; 2 members vote against this project.

One member underlines that the UTIPULP's members are the national associations, which should receive the invoice for a supplementary contribution.

The Chairmann concludes that if the NA accept to pay for it, it is fine. If not UTIPULP will charge the single participants. At the end of the year the UTIPULP accounts will be done and the Assembly will decide the amount to be asked to the National Associations.

The Secretary wishes that the companies present at the meetings explain this project to the National Associations (NA). The participants agree that they will speak to the NA. The Spanish delegate indicates that ASPAPEL has close contacts with the companies.

VI - OTHER ISSUES

Date and location of the next meetings

The chart of the location of the past meetings indicates the following information for the period 2005 – 2011 : numbers of organised meetings by member country, and date of the last meeting.

Austria 3 (2006) - Belgium 4 (2011) - Denmark 1 (2005) - France 4 (2007) – Germany 4 (2010) - Italy 3 (2009) - Netherland 3 (2010) - Portugal 3 (2007) - Spain 1 (2008) - Switzerland 3 (2008) - United Kingdom 3 (2011)

➤ April 2012

The members decide that the UTIPULP meeting will be held Friday, April 20th, 2012 with a social event the day before.

According to the Executive Committee' proposal the meeting will take place in Austria, in a place easy to join by transport. The Secretary will contact Austropapier to organise the venue.

➤ September 2012

EUROPULP proposes that the seminar will be held on Thursday, September 20th. The UTIPULP members agree with this proposal, and the UTIPULP meeting will be held on Friday, September 21st, 2012.

They propose that a place will be looked for in Geneva or somewhere around, for example Annecy. The UTIPULP members underline that the venues around Geneva are very expensive, and Annecy is not easy to join. They propose that the event will be organised around Lyon. The Chairman will examine this question with EUROPULP.

The Chairman thanks everybody for the inputs and participation, and he closes the meeting.

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