

UTIPULP

MONTHLY STATISTICS OF UTIPULP

RULES OF OPERATION

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Secretary :
Mr Jerome RUPIED
Phone : (+ 33 1) 53 89 24 06
Email : jerome.rupied@copacel.fr

Statistics :
Mrs Elvira RUIVO
Phone : (+ 33 1) 53 89 24 60
Email : utip@copacel.fr

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1. GENERAL PRESENTATION

1.1 Membership

UTIPULP is an European Association representing the: "Group of European Market Wood Pulp Users". The members of UTIPULP are the National Associations representing the Paper & Board Industry of the E.U.

There are currently 11 members: Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

1.2 Statistical activity

UTIPULP gathers its own statistics on market pulp consumption and inventories and make them public in order to raise transparency and to contribute to an overall better understanding of the market in the interest of the whole industry.

The statistics provided by UTIPULP, correspond to the consolidation of the statistics received from the 11 National Associations.

Data on market pulp consumption and inventories is collected on a monthly basis at national level.

Several grades are monitored:

- C.T.M.P.(chemi-thermomechanical pulp)
- D.I.P. (de-inked pulp)
- unbleached sulphite
- unbleached kraft
- bleached and semi-bleached sulphite hardwood
- bleached and semi-bleached sulphite softwood
- bleached and semi-bleached kraft hardwood
- bleached and semi-bleached kraft softwood

Data on European market pulp inventories and consumption is of great importance as, together with similar data from North America, Japan and other areas, it provides a comprehensive picture of the global pulp market.

2. DEFINITIONS

Market pulp :

Market pulp is pulp (dried and pressed into bales) that is sold in open competition with that of other producers. All pulp exported from the producing country is considered to be market pulp.

⇒ Pulp exported from a pulp mill to its own paper mills in an other country is considered as market pulp (also called tied or captive pulp).

⇒ Pulp that has been dried and shipped within a country to a user that is owned to less than 50 % of the supplier, is considered as market pulp.

Integrated pulp :

Integrated pulp is pulp that is produced for use as raw material in production of paper & board at the same mill, or for shipment by a producing mill to other mills, which it owns, controls or with which is affiliated within the same country.

Consumption :

Market pulp tonnage consumed at the mills over the month concerned.

Inventories :

Consumer market pulp which is already owned by the consumers, i.e. pulp that has already been delivered to the paper mill, or landed at harbours, in transit (barge, train, truck) and at storehouses where it is available to the paper mill. This excludes supplier-owned consignment stocks and those on the high seas.

⇒ The inventories declared in the monthly statistics of UTIPULP correspond to the photography of the inventories at the end of the month concerned (and never to an average of the inventories at the end of the 2, 3, 4.... last months).

Inventories in days of consumption :

Inventories at the end of the month concerned x 360 / consumption of the past 12 months

3. CONTENT OF DECLARATIONS

3.1 From a company to its national association

The companies or mills sent monthly to their National Association their own consumption and inventories of **market pulp exclusively** for the grades below :

- C.T.M.P.(chemi-thermomechanical pulp)
- D.I.P. (de-inked pulp)
- unbleached sulphite
- unbleached kraft
- bleached and semi-bleached sulphite hardwood
- bleached and semi-bleached sulphite softwood
- bleached and semi-bleached kraft hardwood
- bleached and semi-bleached kraft softwood

3.2 From a National Association to UTIPULP

The National Associations consolidate the statistics received from their companies or mills members to provide national figures and sent monthly to UTIPULP, 100% of national consumption and inventories of **market pulp exclusively** for the grades below :

- C.T.M.P.(chemi-thermomechanical pulp)
- D.I.P. (de-inked pulp)
- unbleached sulphite
- unbleached kraft
- bleached and semi-bleached sulphite hardwood
- bleached and semi-bleached sulphite softwood
- bleached and semi-bleached kraft hardwood
- bleached and semi-bleached kraft softwood

3.3 Release of the global results by UTIPULP

UTIPULP consolidate the statistics received from the 11 national Associations members to provide European figures of consumption and inventories of **market pulp exclusively** for the grades below :

- C.T.M.P.(chemi-thermomechanical pulp)
- D.I.P. (de-inked pulp)
- unbleached sulphite
- unbleached kraft
- bleached and semi-bleached sulphite hardwood
- bleached and semi-bleached sulphite softwood
- bleached and semi-bleached kraft hardwood
- bleached and semi-bleached kraft softwood

- **Release to the members**

The monthly statistics provided by UTIPULP to the members cover the figures of market pulp consumption, stock inventories and average days of stock storage. They make appear the national figures and the EU-wide figures.

UTIPULP groups the statistics concerning certain countries 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. So, for the present time (September 2003) UTIPULP groups the statistics concerning Belgium, Denmark, Netherlands, Portugal and Switzerland.

This rule is applied when :

- ⇒ the national figures sent by a country are built with less than 3 individual declarations
- ⇒ it seems possible to identify or estimate the figures of one company
- ⇒ the volumes of a country remains low

- **Release to non-members**

The statistics that UTIPULP makes available to non-members (press, trade associations, general public) cover only the EU-wide figures of market pulp consumption, stock levels and average days of stock storage.

4. EXTRAPOLATION – ESTIMATION - REVISION

4.1 At the National level

The statistics sent by the National Associations to UTIPULP, represent 100% of the national volumes of market pulp consumption and inventories.

- **Extrapolation**

If the figures collected by a National Association don't represent 100% of the national volumes (because a part of the mills of the country are not members of the National Association or are not in position to sent their figures), the National Association has to extrapolate the sample in order to provide UTIPULP an estimation of 100% of the national volumes.

- **Estimation**

When a National Association has not collected the figures of all its members in time, an estimation of the missing figures has to be made by the National Association in order to sent a complete (but partially estimated) information to UTIPULP. In any case, the figures received by UTIPULP are considered as representing 100% of the national volumes.

- **Revision**

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 verify if the estimations were close to the reality. It implies that each month, the National Associations sent to UTIPULP :

- ⇒ the figures of the current month
- ⇒ the confirmation (or the revision) of the figures of the previous month)

4.2 At the UTIPULP's level

- **Extrapolation**

Respecting the present rules of functioning , UTIPULP's secretariat has never to extrapolate figures. Any extrapolation has to be made at the national level.

- **Estimation**

Respecting the present rules of functioning, UTIPULP's secretariat has never to estimate national figures. Nevertheless, if a National Association is **exceptionally** not in position to provide the national figures in time to UTIPULP an estimation can be operated by the UTIPULP's secretariat, respecting the rule below.

If the figures N of the country X are not available in time :

- ⇒ UTIPULP consolidates the figures N of all other countries and calculates the percentage of evolution of the sample (all countries – country X) between N-1 and N
- ⇒ Then, this percentage of evolution is affected to the figures N-1 of the country X in order to obtain an estimation of the figures N of country X

<i>N</i>	= <i>month covered</i>
<i>N-1</i>	= <i>previous month</i>

- **Revision**

UTIPULP's Executive Committee is informed of the level of the revisions made by the National Associations. Such revisions (that usually remain minor) are not communicated to the members and not made public.

If an important revision is made by a National Association, affecting significantly the global figures provided by UTIPULP, the Executive Committee can decide to operate an official revision. Then all the UTIPULP's members are informed by mail of this revision and a warning message is insert on the home page of the UTIPULP's website www.utipulp.org for the press, trade associations, general public.....

5. LEGAL ASPECT OF THE STATISTICAL EXCHANGE

5.1 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.

(Baker & McKenzie Utipulp Report, June 2003)

5.2 Operation of the statistical exchange

Each individual company sends its data on a monthly basis to its National Association's Secretariat.

The Secretariat of the National Association then compiles the data and sends the results to UTIPULP's secretariat

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 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.

(Baker & McKenzie Utipulp Report, June 2003)

5.3 Responsibilities

National Associations have :

- ⇒ to keep the company data confidential, secure and protected against unauthorised access and not to use the data for any other purpose
- ⇒ 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.

- ⇒ to ensure that the data are sufficiently aggregated on a product grade basis. DIP, CTMP, Unbleached (Sulphite and Kraft), Bleached or Semi-Bleached (Sulphite and Kraft each in turn broken down into softwood and hardwood). National Associations should consider whether this breakdown by grade is capable of rendering certain company conduct transparent. If so, UTIPULP's secretariat must be informed of the situation in order to take all necessary measure.

UTIPULP has :

- ⇒ to ensure that the global data are sufficiently aggregated on a product grade basis.
- ⇒ to take any necessary decision to avoid the possibilities of identification of the individual data. (aggregation of different grades in the final statistics, grouping of national figures....)
- ⇒ to raise National Associations awareness of the importance of their control on the data sent to Utipulp

6. RECEPTION – VALIDATION - RELEASE

The aim is to release the UTIPULP monthly statistics not later than the 15th after the end of the month covered.

6.1 Date of reception of the data in UTIPULP

Taking in account the necessary time for the consolidation, the verification and the validation of the statistics by UTIPULP, the National Association have to sent their figures not later than the 13th of the month following the month covered.

When a National Association has not collected the figures of all its companies members in time, an estimation has to be made (as explained in paragraph 4.1) in order to provide figures to UTIPULP for the 13th.

6.2 Date of release of the UTIPULP's statistics

The UTIPULP's statistics have to be available at the latest the 15th after the end of the month covered.

If a National Association has not sent the national figures in time to UTIPULP an estimation is operated by the UTIPULP's secretariat the 14th after the end of the month covered (as explained in paragraph 4.2)

6.3 Procedure of validation

When the national data have been consolidated by UTIPULP, the person in charge of the statistics transmits the result to the Secretary of UTIPULP for verification and validation.

If the Secretary is absent, the person in charge of the statistics sent the document for validation (by order of priority) to :

- ⇒ the Chairman of UTIPULP
- ⇒ the Vice Chairman of UTIPULP
- ⇒ one of the members of the Executive Committee

In any case, the statistics are never made public before the validation of one of these persons.

6.4 Consultation of the UTIPULP's statistics

The UTIPULP's statistics are available on the website www.utipulp.org

- ⇒ The press and general public can download the global figure on the home page of the website.
- ⇒ The members have a restricted access to the data detailed country per country on the members pages of the website. New login and password are given by UTIPULP (only) to the National Association every 6 months. To obtain the login and password the companies have to contact their National Association.