

UTIPULP

GENERAL ASSEMBLY

BARCELONA – September 19th, 2014

Minutes

Attendees:

Mr	Victor	KAMM (Chairman)	SAPPI EUROPE SA
Mr	Steve	ABDULLA	SCA HYGIENE PRODUCTS
Mr	Luis	ARRUE	Papelera del ORIA S A
Mr	Romain	BALDI	Munksjö Labelpack
Mr	Paul	BARTMANN (Vice-Chairman)	MONDI
Mr	Bernhard	BECK	MUNKSJO
Mr	Gerrald	BLOUW	COLDENHOVE PAPIER BV
Mr	Diego	BORELLO	AHLSTROM
Mrs	Cinzia	CARADINI	ASSOCARTA
Mr	Jörg	DITTOBEE	MITSUBISHI
Mr	Peter	DONNABAUER	DELFORT Group
Mr	Martin	DREWS	VDP
Mrs	Ute	GIERDEN	KANZAN SPEZIALPAPIERE GmbH
Mr	Armando	GOES	CELPA
Mr	John	GOVIER	ARJOWIGGINS Ltd
Mr	Burckhard	KRUECKE	WEPA PAPIERFABRIK
Mr	Lorenzo	MARZOTTO	BURGO Group
Mr	Stéphane	MOZDYNIEWICZ	PAPETERIES DE CLAIREFONTAINE
Mr	Peter E.	OFFNER	BRIGL & BERGMEISTER GmbH
Mr	Giovanni	PELIS	GRUPPOCORDENONS SPA
Mr	Andrea	PIAZZOLLA	SOFIDEL SPA
Mr	Carlos	REINOSO	ASPAPEL
Mr	Norman	SNEL	Inkoop-combinatie De EENDRAGT b.v.
Mr	Pierre	UZUREAU	SMURFIT KAPPA CELLULOSE DU PIN
Mr	Paul-Antoine	LACOUR	UTIPULP

Excused:

Mr	Brian	DILLON	SCA HYGIENE PRODUCTS
Mr	Firmin	FRANCOIS	COBELPA
Mr	Steve	FREEMAN	CONFEDERATION OF PAPER INDUSTRY
Mr	Patrick	MADER	AUSTROPAPIER
Mr	Pierre	MARNEFFE	IDEM PAPERS
Mr	Vitaliano	VANTINI	FEDRIGONI CARTIERE
Mr	Martin	WERNER	SCHOELLER TECHNOCELL

1. Introduction

1.1 – 1.3 Welcome, Safety and Legal guidelines for attending UTIPULP meetings

The Chairman welcomes all the participants, reminds safety procedures as well as the Guidelines pertaining to the competition laws that have been sent prior to the meeting, and that participants have strictly to comply with.

1.4 New Members

The Chairman asks the participants to briefly present themselves, and let the new delegates introduce themselves:

- Mr Romain BALDI (Category Manager Pulp – Munksjö Group)
- Mr Luis Fernando RUIZ ARRUE (Director General of Papelera del ORIA, S.A.)

1.5. Approval of the minutes of the last meeting (Rome, April 10th, 2014)

The minutes have been approved without amendments.

2. Special Subject Dossiers

2.1. Discussions with EUROPULP

After preliminary contacts, Europulp and Utipulp Executive Committees met in Barcelona on 18 September.

During this meeting, the following topics of common interest have been discussed :

- Need to associate EPIS when requested (due to a large overlap between Europulp and EPIS),
- Interest to set up a common environmental database regarding pulp (confidentiality of data has been identified as a prominent hurdle),
- Improvement of statistic data (particularly via a quicker release of them by US P&P Association),
- Common action as regards FSC OCP (but some members uncomfortable within Europulp),
- Acquire better information on “what will happen” regarding regulation, etc.

Europulp and Utipulp decided to meet again in Barcelona next year, but to look for a less expensive hotel.

2.2. PIX/FOEX

Paul BARTMANN summarizes the presentation made the day before by Timo Teräs on the PIX (see specific slide show).

It appears from this summary and from the discussion among UTIPULP members that:

- The PIX index is not a “current” market price, but reflects transactions from the recent past,
- As an order a magnitude, it is estimated by FOEX that companies declaring prices (either as seller or buyer), represent 60 % of the volume of transactions,

- FOEX is audited every five years by a third party (making public an executive summary of this audit would be welcomed),
- Several reporting companies will be also audited (the question of who will pay for that is still unclear, but UTIPULP delegates wish that this cost is taken by FOEX),
- Some members still question the way that weighting is applied (on this issue, a simulation of the different weighting options was prepared by FOEX and it appeared that the weighting had only a minor outcome on the final numbers that were reported each week). Some members raised the point that if the differences were minor, why was time being spent to try to “improve” the Index. The comment was made that it was not the weighting that was at fault, but more likely the lack of clarity/accuracy in the data that was supplied. The “new” rules sought to improve data “accuracy”,
- Some members, about to sign contracts based on the existing index, question as to how these contracts would be impacted by the new Index rules,
- Some members questioned how the persons that are supposed to be declaring prices are contacted, as a number of members thought that they had agreed to provide data had never been approached,
- FOEX still has to fine tune the description of the methodology used to calculate the PIX. A more readable document (compared to the existing one) should be presented during the Pulp week. Translation into other languages has been seriously considered,
- A general remark was that to ensure that “buyer” prices are fully reflected in the Index, as many members as possible should be encouraged to submit prices,
- It is expected that the new index starts to become used as of 1st January 2015.

UTIPULP representatives who had discussions with FOEX consider this index as a good compromise among various expectations.

Agreed:

- **UTIPULP members thank P. BARTMANN and J. GOVIER for the time and energy they have spent in improving the PIX. UTIPULP members give them the mandate to finalise the discussions with FOEX and other interested parties,**
- **P. BARTMANN will circulate a final draft of the document presenting the calculation methodology, more for editorial remarks than for a complete change in the text.**

2.3. EU Timber Regulation

The Secretary reports that he had no evidence that audits of the due diligence systems had caused problems to pulp and paper company. This analysis is confirmed by German delegates, who stress that competent authorities in charge of the audits are still in their “learning phase”, and that controls are not very detailed. It is recognised nonetheless that this might change in the future when civil servants in charge of this task will gain expertise.

2.4 FSC Online Claims Platform (OCP)

The Secretary reports on the positive developments of this dossier (see slides). German delegates inform members on the contacts they have had on this issue with FSC. The Secretary adds that several other national pulp and paper associations had contacted FSC in order to stress their disapproval of the OCP system.

Agreed: the Secretary will inform the members on the developments of this dossier during the coming months.

2.5. General Trade Rules

No member reports on any problem in the implementation of the new GTR.

Agreed: this issue will be on the agenda of the next General Assembly in order to assess, after roughly one year, if the “new” GTR is put into force with no problem.

2.6. Dossiers of common interest

Nordic Swan

Norman SNEL draws the attention of participants on the poor acceptance by the Nordic Swan label of the fibres coming from plantations from Latin America. He considers the position of this label as expressing a refuse of plantations (Nordic forests are managed according to a semi-natural sylviculture requiring no plantations) but also as being a trade barrier.

Agreed: as some members also experienced difficulties with the Nordic Swan, it is considered that this issue is worth being discussed with Europulp.

GM trees

The Secretary presents the issue (see slides) of SUZANO’s wish to grow genetically modified Eucalyptus. Following this presentation, it’s mentioned that the likely development of GM trees might result in a confusion among part of the citizens between this technology and plantations (with trees improved via traditional tree breeding). Other members mention that the degree of acceptance might also vary from country to country and depend on the nature of the new traits inserted into the DNA.

Agreed: UTIPULP as no position to take on this issue, but the Secretariat will keep the members informed on its development. In order to gain a better understanding of this complex matter, as well as potentially the knowledge whether SUZANO plans to sale market pulp in Europe coming from GM trees, it is agreed to invite Suzano’s CEO at the next meeting.

3. Association Topics

3.1. Finance

The Secretary presents rules regarding the reimbursement by UTIPULP of the costs pertaining to the participation of the delegates to the Europulp/Utulp seminar and the dinner.

Agreed: UTIPULP reimburses the costs pertaining to the participation by delegates and substitutes to the Europulp/Utulp seminar and to the dinner. Colleagues of the delegates are welcome to the Seminar and the dinner, but the corresponding costs will be invoiced directly by Europulp.

3.2. Statistics

- UTIPULP monthly report

The Secretary asks the delegates if they have comments on the “new” monthly statistics report.

Agreed:

- Delegates are satisfied with the new lay-out of the report.
- P. BARTMANN asks that (i) a comparison between last year and the current year is inserted in the monthly report (ii) two headers are corrected (2.1/2.3) so that they correspond to the data of the corresponding columns.

- Country reports

Delegates present the key items of their country reports (see this document). The following general features can be noticed:

- Production of hygiene, specialty and packaging grades are in general satisfactory;
- Graphic papers productions remain on a decreasing trend, leading corresponding companies to find other options
- Energy remains on the top of the agenda of most companies (e.g.: new regulation in Spain and Italy, risks of black-out in Belgium,...)
- Communication against the p&p industry and its products have occurred in some countries (e.g.: campaign of ENGOS in Germany against virgin fibres,...)

Agreed: when possible, data pertaining to specialty grades will be inserted in the country report tables.

In the Italian country report figures for 2013 and 2014 have been reversed. The document has been revised and will be put on the website.

3.3. Improvement of the UTIPULP website

The Secretary presents the reasons why the website should be modified.

Agreed: delegates approve this proposal and notice that this change will not generate additional cost neither on the 2014 nor on the 2015 budget. The Executive Committee has the mandate to steer the set-up of this new website, that will be presented at the next meeting.

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