

UTIPULP

Group of European Market Wood Pulp users

General Assembly meeting

April 23rd, 2021

9h00 – 11h00

By GoToMeeting

Minutes

Attendees:

Mr	Andrea	PIAZZOLLA (Chairman)	SOFIDEL
Mr	Romain	BALDI	AHLSTROM MUNKSJÖ
Mr	Paul	BARTMANN	MONDI
Mrs	Cinzia	CARADINI	ASSOCARTA
Mr	Jörg	DITTOMBEE	MITSUBISHI Paper Europe GmbH
Mr	Peter	DONNABAUER	DELFORT GROUP
Mr	Martin	DREWS	VDP
Mr	Steve	FREEMAN	CONFEDERATION OF PAPER INDUSTRIES
Mrs	Ute	GIERDEN	KANZAN SPEZIALPAPIERE GmbH
Mr	Antonio	HITA-MARTINEZ	GRUPO MIQUEL Y COSTAS
Mr	Michal	JASTRZEBSKI	Association of Polish Papermakers (SPP)
Mr	Victor	KAMM	SAPPI Europe
Mr	Klaus	KRIEG	KOEHLER PAPER
Mr	Jacek	LOS	ARCTIC PAPER
Mr	Stéphane	MOZDYNIEWICZ	CLAIREFONTAINE
Mr	Peter E.	OFFNER	BRIGL & BERGMEISTER GmbH
Mr	Lorenzo	PASQUINI	LUCART SpA
Mr	Norman	SNEL	SAPPI
Mr	Joep	STEVENS	Inkoop-combinatie “De EENDRAGT” BV
Mr	Janusz	TURSKI	Association of Polish Papermakers (SPP)
Mrs	Charo	VIEJO	LECTA
Mr	Mustapha	ZAUG	PPG
Mr	Paul-Antoine	LACOUR	UTIPULP

1. Introduction (Chairman)

1.1 – 1.2. Welcome, Safety and Legal guidelines for attending UTIPULP meetings

The Chairman welcomes all the participants and reminds that, due to the health situation in many European countries, the UTIPULP General Assembly takes place on line.

He then makes an overview of the Guidelines pertaining to the competition laws that have been sent prior to the meeting, and that participants have strictly to comply with.

1.3. Approval of the minutes of the last meeting (webinar, October 8th, 2020)

The minutes are approved without amendments.

1.4. Chairmanship

The Chairman mentions that, as Vice-President, Norman SNEL was in a position to take the responsibility of Chairperson as of the today's meeting. Norman SNEL nonetheless approached Andrea PIAZZOLLA and recalled that he had been President already, and that it would be better to have someone new. They consequently discussed with Burkhard KRÜCKE, who accepted to be candidate, but only after a transition period as VP of one year. This would mean that the mandate of the Chairman is extended for one year.

Following this presentation, the Secretary asked their views to the delegates.

Agreed:

- ***The General Assembly unanimously approves that the mandate of Andrea PIAZZOLLA is extended until the spring meeting of 2022.***
- ***The General Assembly unanimously approves that Burkhard KRÜCKE becomes the new Vice-President, taking the presidency at the spring meeting of 2022.***

2. Market analysis / Report from the National Association delegates

2.1. Synthesis of the questionnaire pertaining to the covid crisis

PA LACOUR presents the outcome of the questionnaire sent before the meeting. He mentions that

- 17 answers have been received (14 companies and 3 national associations).
- For 12 respondents, the pulp supply situation is worse compared to January, and for 3 of them, it is significantly worse.
- A large variety of difficulties is mentioned (curtailment of volumes, logistics delays...)
- Reasons of this situation are numerous (planned and unplanned downtimes in pulp productions, speculative physical and futures buying, China recovery, logistics constraints...)
- Regarding the covid-19 situation, respondents do not anticipate it will have a significant impact on the market situation. The only exception is a situation where a severe deterioration in Lat. Am. would affect the pulp mills and their logistics.
- Besides the covid situation, several respondents anticipate that the market will remain tight during the coming months.
- But the current situation is perceived by several as temporary and somehow "artificial", which means that the market should be more balanced in 2022.

2.2. Report from the National Associations delegates

Following this presentation, the chairman invites the delegates to report on the key features impacting the pulp market in their respective countries.

As a summary:

- Several delegates mention that tight supplies apply not only to pulp, but also to chemicals.
- Regarding the economic situation, several delegates mention that we are perhaps now entering in a new inflation cycle.
- One key question will be the ability of paper companies to pass through the cost increases.
- The Brexit has led to some difficulties, mostly logistics one for imports by the UK, and administrative for exports.
- Regarding the graphic papers, the rather solid demand is not fully understood. Overseas exports are one part of the answer, but some fear that this demand is fueled by the constitution of stocks in anticipation of price increases.
- Regarding tissue, the demand on the domestic segment is lower than expected in many countries, particularly after a very good year 2020. On the Away From Home segment, 2020 was characterized by a very low demand (consequence of lock-downs) and the situation so far is not brilliant.
- Regarding specialty papers, the situation varies a lot depending on the final market e.g: very solid demand for decor paper, abrasive, cigarette, but depressed for ticketing.

3. Association Topics

3.1. Statistics/request from EUROPULP

PA LACOUR introduces the topic by reminding that, when National Associations report the stocks to UTIPULP, they should use the following definition (see website): *“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 harbors, 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 Secretary then mentions that EUROPULP collects data via direct queries to the main harbors handling and storing pulp. Consequently, summing the figures coming from EUROPULP and those given by UTIPULP result in a double counting of the stocks located in the harbours. In order to avoid this double counting, EUROPULP proposes that UTIPULP excludes the stocks owned by the buyers and located in the harbours.

In order to analyse if it is possible to separate the stocks in the ports and the stocks in other locations, UTIPULP Secretariat sent a short questionnaire to the National Associations. At this occasion, it appeared that the collection of the stocks in ports is very diverse from one national to the other (some include these figures, some exclude them, and some make a mix, depending on the declaring companies).

Considering these different pieces of information, the Excom expressed split views on the proposal made by EUROPULP. But there is an agreement on the fact that it is premature to switch to the method proposed by EUROPULP.

Agreed:

- *There is a need to harmonize how stocks are calculated. UTIPULP will therefore remind the national associations the definition that has to be used for the stocks.*
- *During a few months, UTIPULP will collect two types of data (i) data based on the standard UTIPULP definition (see above) (ii) data based on all the stocks, with the exception of those located in the harbours.*
- *Statistics report will avoid to introduce a bias linked to a change of methodology*
- *An analysis of the various sets of data will be made in September.*

3.2. Report from the National Associations delegates

PA LACOUR mentions that one Excom member raised the question of the representativity of UTIPULP statistics. In order to answer precisely to this question, the UTIPULP Secretariat made a survey among the national associations.

The outcome of this survey shows that the situation is divers among the national associations

- Four National Associations are reporting for 100% of the total national pulp consumption (based on actual data or estimates)
- Four are reporting for less than 100 % of the national consumption, and do not make an estimate
- Three National Associations are reporting for a sample covering 100% from total national pulp stocks (estimates are not possible to make for the stocks).

Agreed:

- *UTIPULP will indicate what represents the sample corresponding to the consumption and the inventories.*
- *Practically, the following wording would be inserted in the stats report: (i) Figures for pulp consumption represent x % of the pulp consuming mills in the geographical area covered by UTIPULP statistics; (ii) Figures for pulp inventories represent y % of the pulp consuming mills in the geographical area covered by UTIPULP statistics*

3.3. Finance / Accounts 2020 and Budget 2021

Accounts 2020

The Secretary reminds that the 2020 budget approved on 24 April 2020 was based on meeting expenses amounting to 8 900 €. Due to the persistent restrictions caused by the covid-19, only 131.28 € have been spent in 2020.

As less work has been needed for the preparation of the meetings (that were all on-line), the amount of work, and consequently the line “salaries” is also lower (13 600 € compared to 16 500 foreseen in the budget). No legal advice had been necessary in 2020 (2 000 € foreseen in the budget).

Taking into account all these elements, the total expenses amount to 15 831.58 € (compared to 29 600 € foreseen in the budget) and the account shows a positive result of 11 835.23 €.

Budget 2021

The proposed budget shows total expenses which amount to 36 000 €, including 5 000 € for the modernization of the UTIPULP website and 3 000 € in case of legal advice (eg: review, to be approved, of the competition guidelines). No other exceptional expenses are foreseen for 2021. The foreseen meeting expenses are still lower than usual, due to the covid situation. Member contributions will remain at the same level as in the past years and amount to 27 600 €. Taking into

account the foreseen expenses and the same member contributions, UTIPULP reserves would amount to 19 748 €.

Agreed:

- *the members approve the executed accounts 2020.*
- *the members approve the budget for 2021, based on a contribution from the members of 27 600 €, unchanged with respect to 2021.*

3.4. Excom members

As Stéphane MOZDYNIEWICZ has reached the term of his mandate, COPACEL proposes to be represented by Mustapha ZAOUG.

Agreed: the members approve that Mustapha ZAOUG joins the Excom.

Andrea PIAZZOLLA thanks Stéphane MOZDYNIEWICZ for his valuable contribution within the Excom.

4. Any other business

None.

5. Close out

EUROPULP informed UTIPULP that the World Trade Center in Barcelona has been booked for the seminar on September 16th, 2021. As there is still some uncertainty about travel and social restrictions, EUROPULP will be guided by the Spanish authorities with regard to the format of the event. Definite decision will be made end of June

The next meeting (on-line) is scheduled on **25 June (9:00/10:30 am)**. During this meeting will be defined the slot for the General Assembly in Barcelona.

Agreed:

- *The next meeting (on-line) is scheduled on 25 June (9:00/10:30 am).*
- *During this meeting will be defined the slot for the General Assembly in Barcelona.*
- *invitation will be sent by outlook and meetings organized preferably with Teams.*
