

Utipulp

Group of European Market Wood Pulp Users

GENERAL ASSEMBLY

18 April 2024 (8:30 – 12:30)

Double Tree Hilton Hotel – Fontana Park
Lisbon (Portugal)

Minutes

Attendees:

Mustapha	ZAUG	PPG (President)
Andrea	BETTIN	BURGO
Peter	DONNABAUER	DELFORT
Martin	DREWS	DIE PAPIERINDUSTRIE
Steve	FREEMAN	CONFEDERATION PAPER INDUSTRIES
Daniel	GARCAR	MONDI
Ute	GIERDEN	KANZAN SPEZIALPAPIERE
Alberto	GIOVANNELLI	SOFIDEL
Joao	GORJAO CLARA	RENOVA
Antonio	HITA MARTINEZ	MIQUEL Y COSTAS
Victor	KAMM	SAPPI
Klaus	KRIEG	PAPIERFABRIK AUGUST KOEHLER
Paul-Antoine	LACOUR	UTIPULP
Jacek I.	LOS	ARCTIC PAPER
Gregory	MEZIERE	SWM
Stéphane	MOZDYNIEWICZ	PAPETERIE DE CLAIREFONTAINE
Peter	OFFNER	BRIGL & BERGMEISTER
Lorenzo	PASQUINI	LUCART
Mariusz	RUPIK	VELVET CARE
Norman	SNEL	SAPPI
Charo	VIEJO CHAVES	LECTA

Guests :

Ricardo	ALMEIDA	BIOND
Marika	MUCCIOLO	LUCART

1. Introduction

1.1 Welcome/new delegates

Mustapha ZAOUG welcomes all the participants, and in particular Alberto GIOVANNELLI (SOFIDEL), and Daniel GARCAR (Mondi), who are invited to introduce themselves. Steve FREEMAN mentions that Andrew SOUTHWELL (HOLMEN) is a new CPI a delegate, who was not able to join the General Assembly.

The President then warmly thanks Victor KAMM, former President of UTIPULP, who will retire in July and attends for the last time a UTIPULP General Assembly. Victor KAMM thanks Mustapha ZAOUG and adds that it had been a pleasure for him to work with all the delegates.

The President then presents the safety procedure to follow in case of emergency.

1.2 Legal guidelines for attending UTIPULP meetings

The Chairman stresses that the Guidelines pertaining to the competition laws 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 (Barcelona, 14 September 2023)

The minutes are approved without amendments.

2. Market analysis

2.1. Synthesis of the questionnaire pertaining to pulp supply

20 answers have been received (17 companies, 3 national associations). Compared to September 2023, respondents have experienced a strong degradation of the pulp supply conditions (the index dropped from 72 to 34). As regards the forecasts, delegates anticipate an improvement of the pulp supply conditions (the index is 64), but answers are less optimistic compared to September 2023 (the index reached 69).

There is a broad consensus that new capacities in Lat. Am. (and Asia) will ramp up and improve the market conditions (especially for short fibers). Nevertheless, some supply chains restrictions are seen as hampering this general trend (at least on the short term). These difficulties are the port strikes in Finland (that have caused market disruptions for NBSK) and technical difficulties among some suppliers (Metsä Kemi in particular).

Regarding the pulp demand, the forecasts are diverse. The general perception is that, during these past months, the pulp demand has been better than expected in the EU (especially in the printing and writing segment), even if the macro-economic situation is still dull. This positive trend is seen as fragile, and dependant on some kind of restocking. Some answers anticipate that the price increase of market pulp will result in a lower demand for paper (and then for pulp).

2.2. Report from the National Associations delegates

From the tour de table can be noticed that, after a strong deterioration of the order books in 2023 (with some variations depending on the countries and the paper grades, with tissue being less affected than graphic or packaging), Q1 2024 has shown a recovery of the market conditions.

One key question will be, in a context of fragile recovery of the paper demand, the ability of the paper companies to pass through the costs increases to the customers.

Some delegates notice that, as regards the pulp market, the asymmetric situation between sellers and buyers is ever increasing, especially for short fibres. The question is then if any action could be undertaken in order to balance the market.

Agreed:

- ***UTIPULP Secretariat will collect information on the market share of the main pulp suppliers.***
- ***UTIPULP Secretariat will investigate if any action could be taken undertaken vis à vis the European Commission.***

2.3. PIX Index

PA LACOUR recalls that, as a follow up to the General Assembly that took place in September 2023, the UTIPULP Secretariat sent a set of questions to FOEX (Lars Halén). Answers from FOEX have been sent to the delegates on December 22nd, 2023.

PA LACOUR then presents the outcome of the survey regarding the use of the PIX by the UTIPULP member companies:

- 23 companies have responded.
- 9 reports to PIX (all paper grades represented).
- 14 do not report (but one of the companies that currently does not report envisages to do it in 2024).

Among the 9 respondents who report to FOEX, 8 report “an average price for a certain period of time” and one reports “every single deal”. Regarding the check of the reliability of the data, 5 have already been contacted by FOEX, and 4 have never been approached.

Delegates then discuss the pros and cons of the index, with different views remaining on the need to send data to FOEX.

Agreed: a new survey will be done in one year, in order to check if the representativeness of the index is still sufficient.

3 Special Subject Dossiers

3.1 EU Deforestation Regulation

PA LACOUR recalls what will be requested from the paper companies. This presentation shows that many delegates are still uncertain about what should be done, as many important pieces of information are missing. Due to these numerous uncertainties, delegates have different understanding of the requirements.

Several other aspects of this file are then presented: (i) the outcome of the pilot phase of the Information System, (ii) the main remaining problems of the EUDR, (iii) the still expected pieces of information. The presentation ends up with the on-going political discussions.

As a conclusion, PA LACOUR mentions that he does not see how this regulation could be implemented and that the only way out is a revision of the text. The big question mark is to know if the EU institutions will decide of such a political decision before December 30th, 2024.

3.1 EPIS request on the standardization of sustainability questionnaires

UTIPULP has been contacted by EPIS with the request that pulp buyers adopt a standard questionnaire (a template has been received from EPIS and forwarded to the delegates). EPIS considers that adopting a standard questionnaire would save time as *“The contents of the existing questionnaires are largely the same, but not quite, which is extremely time-consuming and frustrating to copy-paste information over and over. Typically, one person per company only does that.”*

The delegates welcome the principle of a standard questionnaire, that could be anyhow complemented by specific requests. They also consider that a similar effort of rationalization could apply to the technical sheets of the sold pulps.

Agreed:

- ***UTIPULP will inform EPIS that the principle of a standard questionnaire is welcomed, but that pulp companies should provide technical sheets with an homogeneous structure.***
- ***In parallel, delegates will ask their colleagues in charge of the sustainability if the structure of the standard questionnaire prepared by EPIS matches their request.***

3.2 PFAS

Not discussed due to a lack of time (see slideshow).

3.3 EU Directive on green claims

Not discussed due to a lack of time (see slideshow).

4 Association Topics

4.1 EXCOM composition

The Chairman mentions that two new delegates are proposed to join the Excom:

- Peter DONNABAUER Austropaprier (DELFORT GROUP)
- Alberto GIOVANNELLI Assocarta (SOFIDEL)

Agreed: the members unanimously approve that Peter DONNABAUER and Alberto GIOVANNELLI join the Excom.

4.2 Accounts 2023

The Secretary reminds that the 2023 budget approved on 30 March 2022 was based on expenses amounting to 31 100 €, and revenues of 28 000 €, meaning it was expected to have a loss of 3 100 €.

Considering the actual accounts, it appears that the expenses amount to 30 556 € and the revenues to 26 533 €. The results are then -3 262 €. PA LACOUR mentions that the revenues are lower than budgeted because the UTIPULP Secretariat made a calculation mistake and sent to all national associations contributions slightly lower than what they should have been.

With this loss, the reserves amount to almost 30 000 € at the beginning of January 2024.

Agreed: the members approve the executed accounts 2023.

4.3 Budget and contribution from the members for 2024

The proposed budget shows total expenses amounting to 30 800 €. Meeting expenses (rooms reservation, lunches, cost of the Europulp Seminar and related dinner) amount to 10 000 €. The cost of the Secretariat amounts to 20 700 €.

Regarding the cost for the EUROPULP seminar and dinner, it is proposed that they are paid by UTIPULP only if the delegate participates in the General Assembly.

As reserves are at a high level, it is proposed that the member contributions remain at the same level as in the past years and amount to 27 600 €. Considering the foreseen expenses and the same member contributions, UTIPULP loss would amount to 2 500 €.

Agreed:

- ***The members approve the budget for 2024.***
- ***The members approve a contribution of 27 600 €, unchanged with respect to 2023.***
- ***The members approve that the EUROPULP seminar and dinner are paid by UTIPULP only if the delegate participates in the General Assembly.***

5 Any other business

Klaus KRIEG raises two questions:

- Is there a trend in the share of wrapped and unwrapped pulp?
- Are the wires included in the invoiced weight of the bales?

Regarding the first question, delegates do not see an evolution over the years.

Regarding the second question, it is confirmed that the weight of wires is included in the weight of the bales.

6 Close out

6.1 Date & location

PA LACOUR recalls that the next meetings will take place in Barcelona, at the following dates.

Wednesday 11 September 2024: EXCOM (14:30/15:45)

Thursday 12 September 2024: General Assembly (8:30/13:00) followed by a lunch.

Regarding the spring meeting 2025, as Italy should be the place where the General Assembly could take place, it is proposed that the meeting is organized in conjunction with the Milan Pulp Week. A tentative date is 16 May 2025. Confirmation of the venue and date will be sent by UTIPULP as soon as possible.
