# PROBUS RECORDER

THE NEWSLETTER OF THE PROBUS CLUB OF GILLINGHAM, DORSET
(*www.probus-gillingham-dorset.org.uk*)

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## Chairman's Notes

Firstly I would like to thank the Recorder's Editor for making all my offerings over the last few months both grammatically correct and possibly interesting, and for filling in for me when times were difficult.

As you all know by now, I lost Enid in December, but this tragic event only went to show how supportive and caring you all are - with your invitations to meet for coffee, drinks, meals or just to talk. Talking about things, especially feelings, is something men don't normally do, they like to keep a tight upper lip, but in my case your contact was greatly appreciated.

Also, as you all know, we lost our member Tom Brain in December after a long illness. His funeral at Yeovil Crematorium was well attended by our Probus member.

And as I write I have just learned of the passing of our long-serving Honorary Member, Horace Erridge, at the grand age of 103. He is shown here in 2021 when he received a presentation from the RN in celebration of his age and in memory of his wartime service.

Fortunately, at the same time as these tragic events, we have managed to attract one new full member - Andy Newton, and two possible new members, Les Yeates and Michael Warren, which takes our Club membership, including Honorary Members, up to 46.

In general, the Club is thriving with its mix of members from all professions and walks of life contributing to the general family feeling of giving support whenever required.

My thanks go to Andrew Tinsley, my Vice Chairman, for standing in for me at several meetings and at the Christmas Dinner, and to Mike Madgwick for rising to the occasion with his burgeoning list of outings, as well as his contact with Yeovil Probus regarding their attendance at those outings.

And finally, as Storms Henk, Isha and Jocelyn (who chooses these names!?[1]) have finally blown through - aren't we lucky that in this part of the country we have not been much affected by Floods, Power cuts, or by damage to buildings and trees.

[1] In the UK it is the Met Office, which "*names any storm when it has the potential to cause disruption or damage*". - *Ed*

# WELFARE & SOCIAL

## Welfare – *John Owen*

February starts with the extremely sad news of the death of Honorary Member Horace Erridge. Horace was a long-term member who filled many of the club's positions, particularly Secretary, over many years. His personal history is well documented within the membership as Horace was an extremely gregarious and engaging personality. Special mention obviously has to go to his experiences on the Russian convoys in WWII, but also to his love of music, where he excelled on the drums. Horace lived to the age of 103, being thoroughly independent to the very end and always good company. Funeral arrangements are yet to be confirmed, but we do know that it will be at Yeovil crematorium, where his wife also had her funeral.

Other news concerns Ian McClellan who has been having hip problems and is seeing a consultant for further investigation. David Roberts is also still having problems with the outcome from his cataract operation, so - fingers crossed – we hope that things are resolved soon. It was great to see Andy Newton recover from an operation over the Christmas period and return to meetings so quickly, especially when he only joined the club in December.

Now – to the 'funnies' - thanks to John Adams (so don't blame me!)

***Definitions***:

Committee – A body that keeps minutes but wastes hours!

Egotist – Someone who is usually me-deep in conversation!

***Quotes:***

'*Don't worry about avoiding temptation….as you grow older, it will sadly avoid you!*' (Winston Churchill)

'*My wife has a slight impediment to her speech. Every now and then she stops to breathe!*' (Jimmy Durante)

'*I never hated a man enough to give him his diamonds back!*' (Zsa Zsa Gabor)

'til the next time …….!

## Social - January Club Events - *Editor*

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|---|---|
| **6th February 2024** | **Tales of a Roving Reporter**<br>***Alan Jones*** |
| **20th February 2024**<br>**Wives/Partners Invitation Day** | **The Vulcanicity of Iceland and the Mediterranean**<br>***John Pett*** |
| | **Lunch**<br>***The Old Brewery, Gillingham (1230 for 1pm)*** |

# OUR JANUARY TALKS

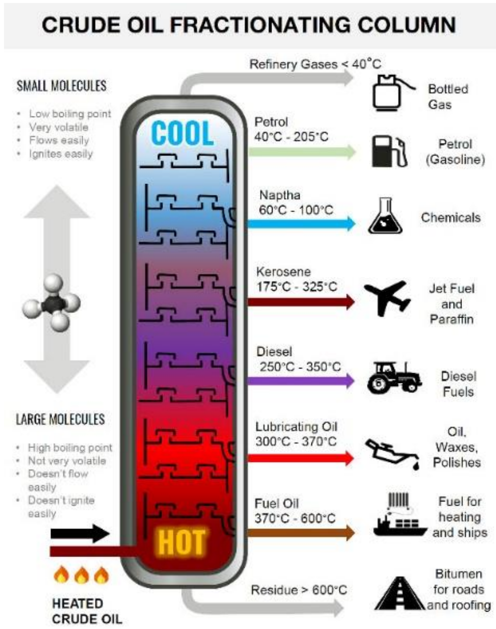
## ‘Why does it cost so much to fill up my car, and why does the cost keep changing?’

***Alastair Olver – 9th January 2024***

*Our Club member, Alastair Olver, has experience in the oil and gas industry as a professional chemical engineer and operations manager; he explained in his talk how different factors impact on oil and gas prices, resulting in wide fluctuations in the ‘**price at the pump**’, when filling up our cars with petrol or diesel.*

Crude oil, a fossil fuel, is a commodity much in demand being essential to the global economy. The pricing of crude oil is directly affected by the rates of production and supply by oil producers, as well as changing economic activity due to geopolitical tensions, such as the wars in Ukraine, and Gaza, and attacks on shipping in the Red Sea.

Brent Crude has become one of the world’s major benchmarks for oil pricing, with the majority of contracts set against the Brent Crude price per barrel. America uses its own benchmark – West Texas Intermediate (WTI) – which is a light, sweet crude oil (lighter than Brent crude) that also serves as one of the main global oil benchmarks. With continuous trading for oil supplies, prices for barrel change all the time, with minor fluctuations having a major impact on markets.




Crude oil is separated into the various petroleum products at refineries. About 40% is for petrol, 25% for diesel, and the balance for kerosene (jet fuel), LPG, and fuel oils. All these refining processes add to the costs of the final product, as does the cost of transportation of crude oil to the refineries, and onward delivery to the thousands of service station forecourts. And there is of course a cost of infrastructure necessary for production and delivery.

The location of filling stations also has a bearing on the cost charged to us as vehicle drivers; supermarkets and motorway service stations have a ‘captive audience’. Motorway service stations are generally able to charge more, as drivers needing to fill up their tanks have no option if they are running low on fuel.

Supermarkets have a continuous stream of customers using parking facilities to do their shopping, and so tend to promote generally lower prices. In order to compete, companies operating filling stations, such as BP and Shell, may operate loyalty schemes, while independent retailers might have to take into account the cost of transportation and delivery to various parts of the country when fixing their prices.

A major component of the ‘*price at the pump*’ for petrol and diesel in the UK is the addition of fuel duty and VAT – approaching 50% of the total cost. There is a general observation that although forecourt prices are quick to rise due to changes in the cost of oil supplies, price reductions are much slower to come through (referred to as the ‘rocket and feather’ effect); this is something being investigated.

Alastair Olver had looked at the cost of driving electric vehicles compared with using petrol and diesel. This appears to be between 16p and 20p per mile for fuel driven cars, and 9p to 26p for electric cars, depending on the method and timing of electric charging (dedicated charging points or home charging).

Through his talk, Alastair showed that the analysis of the breakdown of the total price charged to the motorist is made up many things apart from the cost of the raw product - refining, transportation and delivery, infrastructure, fuel duty and tax; and on top of these are the unpredictable geopolitical factors.

*This was an interesting talk, followed by a lively session for questions. The Vice Chairman, Andrew Tinsley, gave the vote of thanks.*

*Alan Jeffs*

## "The Pulp, Paper and Bio-Energy industries"

***Oliver Landsell – 23rd January 2024***

*In a hugely absorbing, erudite and thought-provoking presentation Oliver Lansdell, a leading analyst and consultant with more than 20 years' experience, gave a fascinating insight into the traditional and changing uses within the pulp and paper markets, including the ever-increasing, seemingly insatiable demand for virgin fibre content in tissue and hygiene products.*

*His talk concentrated on explaining a number of a major issues including: Historic Market Developments; Trading Fluctuations; End User Markets, New Pulp Capacity, and the outlook for the Future.*

*Oliver has kindly provided the Probus Recorder with the following brief summary of the most important issues for an industry facing unprecedented challenges in supply and demand.*

World paper and board production is estimated at 358 million tonnes (Mt) last year, down from a peak of 385Mt in 2017.

The recent declines in output are largely attributable to the graphic paper and newsprint sectors, where cyclical and secular pressures in the business have combined to reduce global production by a combined 37Mt since 2017. Offsetting some of this loss has been modest growth in tissue, specialty and packaging grades.

World fibre consumption is estimated at 388Mt last year, of which 381Mt was used in the manufacture of paper and board and 7Mt used for non-paper and board purposes – mostly in the production of wood-based textile fibres (viscose). We estimate that the industry consumed an additional 38-40Mt of non-fibrous materials (clays and fillers).

Of the 381Mt of fibre used for paper and board purposes, 6Mt was non-wood pulp, 204Mt was recovered paper and 171Mt was virgin fibre wood pulp.

Of the 171Mt of wood pulp consumed by paper and board manufacturers, approximately 60% was integrated, and 40% was market pulp.

Roughly 60% of the wood pulp produced globally is integrated with paper production, meaning that the pulp mill is located on the same site as the paper mill. Integrated pulp is fed directly into the paper machine head box in slurry form. The remainder is known as market pulp. Market pulp is dried and shipped in bales, or sometimes rolls. Market pulp is a globally traded commodity: approximately 85% of market pulp crosses an international border to reach its market; at least 55% crosses an ocean.

Of the 203Mt of waste paper that was consumed last year, the vast majority was processed into de-inked pulp and integrated with paper and board production on site.

Recovered fibre (RCF) tends to be priced significantly lower than virgin fibre pulp, affording paper and board producers significant cost savings when using RCF in their furnish (*the physical matter provided for the subsequent process*). This economic advantage prompted rapid growth in RCF use during the period 1990-2014, with volumes expanding by around 125Mt globally. Much of this growth took place in the developing markets of Asia, driven by large investment in new board capacity.

However, since 2014, the use of RCF has fluctuated within a range of 203Mt-219Mt, and even posted a decline of 9Mt last year. We attribute the stagnation in the use of RCF to several supply side issues, including an inability to grow recovery rates much further, and a decline in the physical availability of paper and board available for collection. This last point owes to the secular decline[2] in demand of graphic paper (including newsprint).

Integrated pulp consumption peaked in 2000 at 138Mt, since when consumption has contracted to an estimated 110Mt last year. The long-term decline in consumption stems from the mass closure of integrated pulp lines in the mature markets of Japan, Europe and North America. Within these regions, the secular decline in graphic paper demand has contributed to a 70Mt decline in graphic paper consumption (including newsprint) since 2005; producers have responded by closing large amounts of obsolete paper capacity and the integrated pulp lines that have furnished them. Note that aside from the pressures that have arisen from the secular decline in demand for certain grades of paper, shipments of paper and board from these regions have also suffered from a decline in exports owing to increased competition from new supplies emanating from Asia.

World market pulp shipments have shown consistent growth since 1990, expanding by an

[2] 'Secular decline': when an industry's support slowly dwindles away.

average of 2.9% pa, or 1.3Mt per year. Most growth is accounted for by China, where the majority of the world's new paper and board capacity has been installed since 2000, despite the country having limited fibre resources. As a result China imports a large proportion of feedstock in the form market pulp. Chinese pulp demand has surged by 30Mt since 2000, commanding a 43% share of global shipments in 2023. Although China has attempted to establish plantations and invest in pulp capacity, factors such as climate, topography, and land ownership structure mean it is unable to compete with southern hemisphere market pulp producers.

Market pulp shipments have also been supported by rapid growth in virgin fibre content tissue production[3]. With tissue consumers demanding higher quality products, the majority of new investment is based upon virgin fibre. Given the scale of a tissue mill, most operations are non-integrated and therefore depend on market pulp.

Most of the growth in market pulp shipments since 2000 has been furnished with hardwood trees.

The superior growth rate commanded by hardwood supply is mainly supply driven, due to rapid capacity growth in the southern hemisphere based on relatively low-cost eucalyptus plantation wood. Although much of this new capacity has been absorbed through organic market demand growth, in some case it has displaced higher cost mills in the Northern Hemisphere.

Since fibre costs typically account for as much as 60-70% of the total cash costs of production, access to low-cost plantation wood is a key investment driver, and Latin America (i.e. Brazil, Chile, Uruguay) typically provides the most attractive locations. Although softwood plantations have also been established, the majority of the investment has been directed towards eucalyptus plantations (a hardwood species) since eucalyptus trees can reach maturity in as little as 6-7 years, and often yield over 40m3/ha/year.

The advantages of low-cost plantation wood have been accentuated by economies of scale, as modern pulp mills in Latin America now have a capacity of up to 2 million tonnes/yr, compared with lines in the Northern hemisphere which are more usually in the range of 0.2-0.4 million tonnes/yr.

Wood supplies are under pressure globally, owing to increased demand from the biobased economy.

*This extremely interesting talk was followed by questions, and the Chairman gave the vote of thanks.*

*Paul Hooley*

[3] Recycled fibres are fibres that are made from materials that have previously been used and then processed and transformed into new fibres. On the other hand, virgin fibres are fibres that are made from renewable raw materials such as wood pulp.

## ENDPIECE - *Editor*

### The art of 'wordsmithing'

*Perhaps these should be in a dictionary?*

**ADULT**
A person who has stopped growing at both ends and is now growing in the middle.

**BEAUTY PARLOR**
A place where women curl up and dye.

**CHICKENS**
The only animals you eat before they are born and after they are dead.

**DUST**
Mud with the juice squeezed out.

**HANDKERCHIEF**
Cold Storage.

**INFLATION**
Cutting money in half without damaging the paper.

**MOSQUITO**
An insect that makes you like flies better.

**RAISIN**
A grape with a sunburn.

**SECRET**
Something you tell one person at a time.

**SKELETON**
A bunch of bones with the person scraped off.

**TOOTHACHE**
The pain that drives you to extraction.

**TOMORROW**
One of the greatest labour-saving devices of today.

**YAWN**
An honest opinion openly expressed.

*And my Personal Favourite!!*

**WRINKLES**
Something other people have, similar to my character lines.

## Thoughts for the Day