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Real 10% depreciation impacts BEK pulp sales in Brazil; negotiations in China face resistance

The surge in the US dollar’s value over the Brazilian Real in June has been concerning bleached eucalyptus kraft (BEK) pulp suppliers and buyers after a 10% depreciation of the exchange rate from $1/Real 2.04 on May 24 to $1/Real 2.24 on Jun. 24, the highest rate since March 2009. Considering the average rate of 2.02 on May 1-24 over 2.15 on Jun. 1-24, the Real also depreciated by 6.5% over the US dollar. "We currently have good demand for pulp in Brazil, but our customers are complaining about the prices in Real. It has been very complicated to deal with it and if the exchange rate continue to rise the situation will be even worse next month as the pulp price is still increasing in dollar terms,” a supplier stated. "We are concerned about the Real's downward trend against the dollar. The Brazilian economy is decelerating, investors are leaving the country, and again our currency is expected to weaken,” a pulp consumer said.

As Brazil follows the BEK pulp prices in Europe with a month of delay, June list prices are at $820/tonne, $10/tonne or around 1% higher than in May. The increase in Real terms, though, is much higher – from an average of Real 1,640/tonne in May to Real 1,760/tonne in June, a Real 120/tonne or

>>> continued on page 2

Norske Skog sells 51% of Pisa to BO/Pathfinder; newsprint demand keeps low in Brazil, prices flat

The global manufacturer of ultra-light weight coated (ULWC) papers Norske Skog is selling 51% of its shares in the Pisa newsprint mill, in Brazil, to Papeles Bío Bío (former Norske Skog Bío Bio), part of the consortium of Chilean investors Group BO/Pathfinder. The sole newsprint producer in Brazil – and one of only four newsprint mills in South America – the Pisa mill is located in the city of Jaguariaíva, Paraná state, and has a total newsprint production capacity of approximately 170,000 tonnes/yr.

Norkse Skog declared that the $41.3 million deal is part of a strategy that aims on improving the company's cash flow and financial position. "We are pleased to be able to sell part of the Brazilian operations and enter into a partnership with an industrial player that we already know from the sale of our former Chilean operations back in 2012 and that has long-term plans for the Pisa mill," president and CEO of Norske Skog, Sven Ombudstvedt, commented. Norske agreed to sell its 125,000 tonne/yr Bío Bío newsprint mill in Chile to the Pathfinder Group for $56 million in March 2012.

According to a representative of Papeles Bío Bío, the group saw the purchase of Pisa as an opportunity to participate in the Brazilian

>>> continued on page 4

APP changes leadership in Latin America, new CEO expects 4% annual growth in Latin America

Cathay Brasil is going through a makeover. As of June 2013, the Asia Pulp and Paper (APP)’s sister company in South and Central America has a new general director, Arthur Gonoretzky, and a new name, Cathay Latin America. "We are changing our name to solidify our presence in the region even further. There’s much to be done and APP believes in the Latin American market,” Cathay Latin America CEO Arthur Gonoretzky says. The executive believes paper consumption in the region is going to grow at a rate of approximately 4% per year and trusts the already established image of APP, currently present in 120 countries with a production capacity of 15 million tonnes/yr of paper and pulp, to help get the job done.

Working out of the Brazilian office, Gonoretzky is going to face a two year retraction in sales, which started declining two years ago. After peaking from 18,000 tonnes of papers – including printing/writing and boxboard – in 2006 to 142,000 tonnes in 2010, the volume dropped to 115,000 tonnes in 2011 and 100,000 in 2012, due largely to an increase in Brazilian taxation on imported paper and a greater government control over international transactions, in an attempt to break

>>> continued on page 5
Real depreciation hurts BEK sales in Brazil

7.5% hike affected by the dollar rate. "With the current exchange rate, prices in Real terms will surpass Real 1,800/tonne soon," a contact stated. According to PPI Latin American sources, the European prices for BEK pulp are up to $5/tonne higher in June over May, which will be the increase implemented in the Brazilian market in July, so the currency exchange rate behavior will have a crucial impact on the negotiations.

On the other hand, a depreciated Real favors Brazilian pulp exports and as most suppliers are big exporters their revenues are likely to increase significantly in the coming few months. Fibria, for example, exports around 90% of its pulp sales while Suzano ships around 80% overseas. For this reason, companies like those may not agree with their Brazilian clients' requests of lowering prices as they can get better deals in their overseas markets. "Looking at the global market, which also has good demand, we have had to decide not to take some orders in the domestic market," a supplier commented.

A Brazilian pulp maker mentioned that its customers don't complain about

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**PULP STATISTICS - BRAZIL (000 tonnes)**

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<tr>
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<tbody>
<tr>
<td>Production</td>
<td>4,834</td>
<td>4,688</td>
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<tr>
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<td>541</td>
<td>537</td>
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<tr>
<td>Exports</td>
<td>2,966</td>
<td>2,835</td>
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<tr>
<td>Imports</td>
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</tr>
<tr>
<td>Apparent consumption</td>
<td>2,013</td>
<td>1,981</td>
<td>1.6%</td>
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</table>

Source: Bracelpa.

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**PPI MARKETS & PRICES - LATIN AMERICAN PULP**

![Graph showing PPI MARKETS & PRICES - LATIN AMERICAN PULP](image)

Notes: [1] Market pulp prices are CIF to main European ports. [2] Brazilian prices are CIF/delivered in southern and southeast regions and include PIS/COFINS.

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**PRICE WATCH: LATIN AMERICAN MARKET PULP**

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<td>U.S. East Coast mills</td>
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<td>810-815</td>
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<tr>
<td>Chinese ports</td>
<td>650-660</td>
<td>670-735</td>
<td>670-705</td>
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<td>0.8%</td>
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<tr>
<td>Bleached softwood kraft - Radiata pine</td>
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<tr>
<td>Chinese ports</td>
<td>660-690</td>
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<td>620-650</td>
<td>6.3%</td>
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<tr>
<td><strong>DOMESTIC MARKETS</strong></td>
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<tr>
<td>Bleached hardwood kraft - Eucalyptus</td>
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<td></td>
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<tr>
<td>Latin American main ports</td>
<td>710-740</td>
<td>720-745</td>
<td>710-735</td>
<td>690-750</td>
<td>0.7%</td>
</tr>
<tr>
<td>Brazilian domestic mills</td>
<td>740-820</td>
<td>735-810</td>
<td>735-800</td>
<td>720-780</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: PPI Latin America.

Notes: Bleached eucalyptus is from Brazil, Chile, Uruguay. Bleached radiata pine is from Chilean mills. *Export markets: Prices are the most recent available in the market and are subject to revision by the end of the current month. US prices include delivery to consuming paper mills. European and Asian prices are CIF. **Domestic markets: Latin American prices are CIF/CFR to main ports in Argentina, Colombia, Chile and Mexico. Brazilian prices are CIF/ delivered in southern and southeast regions and include PIS/COFINS. The lower end of the price range is the average net price and the higher end of the range is the list price in Latin America and Brazil.

DISCLAIMER: While the information contained in the price indices has been obtained from sources believed to be reliable, RISI does not warrant or guarantee the accuracy and completeness of the information. Actual transaction prices may vary.
the prices, as they know they are based on the PIX/FOEX, but they are really concerned about the exchange rate, which turns the pulp cost in Real much higher for them. "Also, some tissue paper producers said their sales fell in May so their final product inventories are higher this month," the source added. But in general, another source said, pulp demand from tissue producers has been increasing in Brazil and is being met by local suppliers.

Another supplier mentioned that in terms of demand, pulp purchases are firm in Brazil and all mills are running at high operating rates. "The pulp sector has a positive trend, which no one was expecting before. Positive things happened on the supply side, such as the Jari closure and the Eldorado entry with restricted volumes. At the same time, pulp demand has improved in Brazil," the contact explained. Also, most Brazilian pulp producers are still taking maintenance downtime, which restricts supply. "Pulp supply has been declining, some suppliers are producing less. There are scheduled stoppages planned in July, but as Eldorado started up its mill the market is balanced again," a buyer commented.

According to a recent PPI Latin America report, Fibria is going to take maintenance downtime at Três Lagoas from Jun. 24 to Jul. 3 and at Jacareí from Jul. 29 to Aug. 7. CMPC Celulose Riogrândense will also stop its Guaiaba mill for maintenance from Jul. 14-21 while Suzano will halt Mucuri production on Aug. 19-29. In September, Cenibra and Eldorado have planned downtime too. "There are many stoppages until September, which will hold pulp supply. I think the global pulp market will be relatively stable until September, when the Northern Hemisphere starts to buy pulp with force again, so the market may be tighter after September," a source said.

A pulp producer agreed that demand has been increasing in Brazil, but pondered that prices may fall in the coming months. "We also believe that prices will start to decline due to the summer vacations in the Northern Hemisphere, including Europe, which will be reflected in Brazil," a pulp buyer said. Another consumer added that "The FOEX prices are likely to rise until August and then will start to fall".

The latest statistics released by the Brazilian pulp and paper assn (Bracelpa) indicate a 1.6% increase in pulp apparent consumption in Brazil in January-April 2013 at 2 million tonnes over the same period of 2012. April consumption at 500,000 tonnes, though, was 5% lower than a year ago.

As for production, the January-April 2013 volume hit 4.8 million tonnes or 3.1% higher than the same months of last year. Exports rose by 4.6% to 2.9 million tonnes in the period with April volumes at 777,000 tonnes or 16.1% higher than April 2012.

According to the PPI Latin America survey, June BEK pulp prices in Brazil are at $740-820/tonne, with the lower range reflecting prices with discounts and the higher range bringing the list prices. The current prices are 4% higher than June 2012.

As for Latin America outside Brazil, PPI Latin America shows lower BEK pulp prices this month from May at $710-740/tonne, with the average price relatively flat with June 2012. One supplier mentioned that his company tried to raise prices in Colombia and Mexico in order to follow the other markets' moves, but was not able to hit the target price it intended to.

A pulp consumer in Colombia reported a $10/tonne price decline for its hardwood purchases in June and commented that supply is currently higher, thus prices tend to decline even though producers are making efforts to at least maintain them unchanged. "Softwood prices are flat this month," the contact added. A contact in Argentina said pulp demand is normal and is expected to remain at the current levels until the end of this year.

Europe, China and USA. The Latin American BEK pulp suppliers aim to hit a list price of $850/tonne in Europe this month, which is unlikely to happen, according to market sources. Up to now, according to PPI Europe, prices are unchanged over May at $820/tonne, but may move by the end of the month. "I think the prices are unlikely to reach $850/tonne this month in Europe as we are already coming to the end of June, but this will depend on the inventory levels - if they are lower, the chance to raise prices is higher. Also, I don't think the Brazilian suppliers will want to negotiate with clients as they are benefited by an appreciated dollar over the Real," a PPI Latin America said.

According to data released by Europulp at the end of last week, stocks of wood pulp at European ports decreased by 4.7% month-on-month in May. Inventories amounted to 986,027 tonnes last month, down from 1.03 million tonnes in April. Total stocks in April were lower than the year-earlier period, when they stood at 1.01 million tonnes in May 2013.

On the consumption side, data from UTIPULP show that consumer inventories were up 0.8% month-on-month in May to 635,776 tonnes, while consumption fell by 1.9% to 953,285 tonnes. Hardwood kraft pulp inventories rose to 373,589 tonnes last month, up from 371,121 tonnes in April, while softwood kraft pulp inventories grew from 237,501 tonnes in April to 241,675 tonnes last month. In year-on-year terms, inventories were 2.1% lower than in May 2012, when they stood at 649,543 tonnes, while overall consumption was 6.8% lower than the 1.02 million tonnes registered a year earlier.

A Brazilian supplier commented that the market situation in Europe is better than in Brazil as the exchange rate is stable and demand is good. "No one is demanding so much, but there is firm demand in Europe," the contact said. Another contact mentioned that price moves in Europe will also depend on how things seem to be going in China. "If prices move down in China, it will be extremely hard to get much of an increase in Europe."

According to PPI Asia, prices for most imported pulp grades have edged down over the past two weeks in China, with buyers there staying on the sidelines and anticipating more reductions to
come. The price slump in the Chinese market was triggered by a supplier selling Indonesian bleached hardwood kraft (BHK) pulp for much less than market levels. The heavily discounted deals put pressure on other BHK sellers, who were offering Indonesian mixed tropical hardwood at $640/tonne, acacia at $650/tonne and South American bleached eucalyptus kraft (BEK) pulp at $660-680/tonne earlier this month.

To close deals, several South American producers slashed their BEK levels, which closed last week at $650-660/tonne. "Prices are not falling in China. It has been hard to reach the announced $750/tonne, but we are holding prices even though there are other suppliers selling for less. But we can't compare the eucalyptus pulp with other hardwood fibers such as acacia," the contact said.

Two other Brazilian pulp suppliers commented that Chinese paper producers, especially the tissue makers, currently have high paper inventories and some companies are taking market related downtime. "They are ordering less volumes of pulp so it has been hard to adjust prices in that market," one seller said.

According to the Global Trade Information Service (GTIS), Chinese BHK pulp imports remained practically flat at around 2.7 million tonnes in January-May over a year ago. China bought 973,480 tonnes from Brazil, a volume 11.5% lower than January-May 2012, and 772,787 tonnes from Indonesia or 15.7% higher over a year ago.

The Bracelpa statistics show that Brazilian pulp export revenues to China totaled $522 million FOB in January-April, an 18.9% increase over the same period of last year. Also, Brazilian exports to North America rose by 5.5% to $287 million.

In the USA, pulp consumption has been above expectations, according to a PPI Latin America contact. "This is a surprise for everyone. The increase is being pushed by their economic recovery," the source said. Prices for BEK pulp in the US market edged up by $5/tonne from May to June as a lack of pricing power in Asia and Europe limited BEK market momentum in the USA, where some of the world's biggest-volume consumers used their leverage to push back at the price increase. Current effective list prices for BEK in the USA are at $890-900/tonne, 5.3% higher than June 2012.

By Renata Mercante, Editor, PPI Latin America, rmercante@risi.com

**Newsprint demand still poor in Brazilian market**

*<<< continued from page 1*

newspaper market. "We are extremely happy to have Norske Skog as our partner in Brazil, a country where BO/Pathfinder currently controls a packaging business. This association will surely strengthen our position in the South American market, and will allow us to give better service to our current and future customers," said president of Papeles Bio Bio, Juan Obach.

The company also stated that it doesn't have at this time any plans to invest in a Pisa mill expansion, but will be focusing on its productivity and cost improvements. "Pisa is a consolidated plant which has good efficiency and is working near its full capacity. We are working to reduce costs and improve productivity", said the company's human resources manager, Fernando Vidal.

Even though the company currently has no plans to invest further in the Brazilian newsprint market, of which Papeles Bio Bio states that the Pisa mill is responsible for 30%, the perception is that the economic conditions are relatively stable. Data from the Brazilian pulp and paper assn (Bracelpa) show that the country's newsprint apparent consumption hit 518,000 in 2012 of which the country, or Pisa, produced 131,000 tonnes and imported 387,000 tonnes.

The Bracelpa data also indicates that consumption fell by 14.6% to 158,000 tonnes in January-April 2013 over a year ago, while production at 42,000 tonnes was 7.1% lower. Domestic sales remained stable at 44,000 tonnes and imports decreased by 21% to 113,000 in the period.

According to analysts, the Brazilian newsprint market has yet to regain the losses seen in 2009, when demand collapsed by 24%. "Demand rebounded briefly with an 18% jump in 2010, but since then has remained on a downward trajectory, declining 9% in 2011 and 3% in 2012. While domestic production has remained relatively stable in 2013, the demand decline has gained momentum in 2013 due to a sharp drop in imports," RISI's senior economist Kevin Conley commented.

"It appears the competitive pressure from electronic media that has plagued both the European and North American markets is taking hold in Brazil as publishers increasingly migrate to digital formats. This limits the prospects that Brazilian newsprint demand will ever return to levels seen prior to the 2009 collapse," Conley added. Sources in the newsprint market confirm the diagnosis, pointing out a lower demand that seems to show some stability. "The demand has been a little lower than usual, and that has been happening since the last year," a source commented.

The **PPI Latin America** survey shows that prices remain stable in Brazil the second quarter at $650-700/tonne, after a price increase attempt which did not take effect. According to a buyer, there is a slight tendency for a price increase that is muffled by a producer that offers "charitably-low" prices. "They're charging end-consumers the price that's usually offered at the port. Between one and the other there's an increase of about 15%, which they're completely disregarding", the buyer stated.

According to *Pulp & Paper Week*, a $40/tonne price increase announced in early June by most North American newsprint producers for Jul. 1 – among them four of the five largest newsprint makers by capacity – was deferred by all concerned earlier in June when it became clear that North America's No. 1 newsprint producer by capacity – Resolute Forest Products – did not plan to increase prices in July. However it has relieved customer pressure for further price reductions and created some market expectation that another price increase attempt could be made in the third or fourth quarter.

A newsprint exporter that sells in Brazil mentioned to *PPI Latin America* that his company hasn't yet decided

<table>
<thead>
<tr>
<th>NEWSPRINT MARKET - BRAZIL (000 tonnes)</th>
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<tbody>
<tr>
<td>Production</td>
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<tr>
<td>Domestic sales</td>
</tr>
<tr>
<td>Exports</td>
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<tr>
<td>Imports</td>
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<tr>
<td>Apparent consumption</td>
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</table>

Source: Bracelpa. n.m.: not meaningful.
on prices for the third quarter as this depends on what is going to happen in the North American market. Another producer stated that the price hikes announced in North America have not yet reflected in the Brazilian market, which is likely to maintain prices flat at least by the end of the third quarter.

In the USA, prices for 45 g/m² newsprint are currently at $645/tonne in the East and $630/tonne in the West, about $35/tonne lower since the end of 2012. The prices remained overall flat during the second quarter despite a 10.2% year-to-date demand decline, mainly because a 9.5% uptick in export volumes has allowed mills to siphon North American tonnes offshore.

Sales from North America to Latin America, according to data from the Pulp and Paper Products Council (PPPC), had a 7.2% increase to 64,000 tonnes in May over the same month of last year. Year-to-date through May, however, exports to the region only increased 1% to 363,000 over a year ago.

By Fernando Gonzalez, Associate Editor, PPI Latin America, fgonzalez@risi.com

APP expects 4% annual sales increase in LA

deviation of duty-free paper. "The market is cyclical, and we believe 2013 is going to be better. Our projections are promising", he commented.

The increase in sales was achieved during Geraldo Ferreira’s term as general director of Cathay. Ferreira left the company last May, after a six and a half year process of consolidating the company's strategy and relationship with costumers in the region. PPI Latin America has learned that differences over business plans and strategy for the future of APP in Brazil were one of the main reasons for Ferreira's departure from Cathay. "APP has unrealistic expansion plans for the Brazilian north and northeast regions. There's no way to do it without investing in stock or production in the country," a market source commented.

Gonoretzky stated that APP is focusing on a larger commercial fleet to increase its market share and that there's no need to invest in local production or warehouses. "We work with distributors all over the country that get our paper to supply the market. Access to our products is not an issue," he says. According to the executive, some of the greatest issues at this time are the lack of stimulus to the Brazilian economy, as well as the erroneous philosophy that sees in the trade barriers for imports the solution to the domestic industry's problems.

"What the government needs to increase is the supervision, not the import taxes. By inhibiting the entry of imported products, you inhibit consumption, and paper consumption is already low in Brazil," Gonoretzky comments, pointing out the national average of 47 kg per capita, against the world average of 57 kg, which makes Brazil the 9th largest consumer in the world. First world countries usually display a much larger average, like the United States, for instance, with its 240 kg per capita, however, those nations show smaller developing market potential and a tendency of slight retraction in consumption.

According to the Brazilian pulp and paper assn (Bracelpa), the country's printing/writing (P/W) paper apparent consumption rose by 5.1% to 763,000 tonnes in January-April 2013 over the same period of 2012. Imports declined 10.5% to 196,000 tonnes in the period while domestic sales increased 4.4% to 499,000 tonnes. In 2012, Brazil consumed a total of 2.3 million tonnes of P/W papers, volume stable over 2011.

By Fernando Gonzalez, Associate Editor, PPI Latin America, fgonzalez@risi.com

K-C set to invest $37 million in Venezuela

Kimberly-Clark announced last week a Bolivar 234 million ($37 million) investment project in Venezuela, including a 30-40% capacity expansion aimed at the toilet paper shortage currently suffered by the country.

First reported last May, the shortage was said to be happening for a couple of weeks and made the government promise to import 50 million rolls - or around 5,000 tonnes - of toilet paper. The Venezuelan president, Nicolás Maduro, blamed anti-government forces and the private sector for the shortage, considered an effort to destabilize the country.

According to Venezuela's state news agency AVN, K-C general manager David Cohen said the project would be an endeavor of six to 24 months.

The company operates a tissue plant in Maracay, approximately 50 miles away from the country's capital Caracas, as well as mills and manufacturing plants in Colombia, Peru, Ecuador, El Salvador and Honduras, which could be part of the production expansion.

Quake hits Chile, no damage reported

A magnitude 5.7 earthquake hit the central Chilean region of Valparaiso on Wednesday last week, causing buildings to sway in the nearby capital of Santiago but there were no reports of damage, said Reuters.

Most of Chile's pulp and paper mills are in the southern region of Chile and were apparently unaffected.

The quake was centered 68 miles (110 km) north-northeast of Santiago at a depth of 62 miles (100 km). It hit close to the border with Argentina's Mendoza region.

Chile's ONEMI emergency office originally qualified the quake as 'minor,' but said later it was 'moderate.'

In March 2012, a 7.1 magnitude earthquake hit the Maule region of Chile and interrupted production at Arauco's Licancel and Constitución pulp mills located close to the epicenter. At the time, Empresas CMPC stated that its mills weren't affected by the quake.

In February 2010, a catastrophic 8.8 magnitude earthquake and tsunami hit southern Chile and caused all pulp and paper mills in the country to stop for several months.

Council launches new rules for tax-free paper

The Brazilian National Council of Economic Policy (Confas) is launching a new version of its program to stop duty-free paper misuse. The Exempt Paper Operations Registration and Control System (Recopi) is set to start taking effect next September, replacing the previous version, which was suspended last May after the Brazilian Book Chamber (CBL) contested it in court.

Sources told PPI Latin America that the new version of the project has been drafted with a special attention to any legal loopholes, in order to prevent another attempt to challenge its constitutional basis. "I'm not sure why CBL contested the earlier version in the first place. The Recopi is not rocket science. Let's hope this time it works," a source commented.

By September, any paper company that intends on taking advantage of the tax exemptions in the Brazilian states of Goiás, Bahia, Minas Gerais, Pará, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and the Federal District will have to be registered in the program. The exemption applies exclusively to paper used to print books, magazines and newspapers.

"All the companies that work with paper are already part of a federal
A second stage of the process would require a full dossier, to be submitted for the FSC's approval. Finally, the selected candidates would be contacted by the regional offices of the FSC to perform the transfer of subsidies. Funded by a percentage of the FSC's administrative rate, the program intends on distributing up to Euro 420,000 to the selected applicants by October 2013. As stated by FSC, the certification has the potential to facilitate access to international supply chains and assist in obtaining financial and technical aid. "The FSC certification demands that the small producers and landowners organize themselves, in order to extract the most possible benefits from it. That can also help on improving management practices and widening knowledge of the forestry sector," an FSC representative commented.

Statistics for Brazil. According to the annual report posted by the Brazilian planted forest producer's assn (Abraf), Brazil has, as of Jan. 2013, 6.7 million ha of planted forests. The country currently holds the fifth position in the FSC ranking, with 4 million ha of its planted forests certified by the FSC. The industry's partnerships with small and medium size farmers currently supplies 20% of the wood used for pulp and paper productions in Brazil, according to the 4th biannual report published by the International Council of Forest and Paper Assns (ICFPA).

Support for certification of small producers resonates among members of associations in the country. "I am an advocate for certification. It keeps the company on a path of continuous improvement, since you have to be constantly audited – and the criteria are always being perfected – and it tells the consumer that you, as a producer, are working with materials and processes that are state of the art. The certification is a credential of good practices," president of Abraf and former public affairs director of Suzano, Luiz Cornaccioni, commented.

Some of the largest paper and pulp producers also see the initiative as a way to enrich the market. Bleached eucalyptus kraft (BEK) pulp producer Fibria, for instance, works with over 3,300 independent producers who account for 102,300 ha of planted forests, which supplied 27% of the raw materials used by the company to manufacture BEK pulp in 2012. "Aiding small forest landowners is a way to not only reduce our need for acquiring land, but also include these producers in the company's chain, generating labor and income to a broader number of individuals," the company stated. Currently, 89% of the 967,000 ha owned by Fibria are certified by the FSC.

Brazilian pulp producer Eldorado Brasil, on the other hand, chose a different model when it comes to land ownership. "The company focuses its business on pulp and has no interest in investing in land ownership. We have leaseholds for the land, but all of the sewing and harvesting process is done by us," a company spokesperson commented. Currently, the producer has agreements with about 150 landowners, which corresponds to 80% of the land used by the company.

That way, the proprietors remain in the region and the company is responsible for all the manual labor, machinery and processes, generating revenue for all parties involved. At this time, 100% of the company's lands are FSC certified, and as new properties are incorporated they will be automatically audited on the annual maintenance sessions to obtain the certification. Eldorado estimates that by the end of 2013 the company's eucalyptus plantation will reach 160,000 ha.

Bracelpa and Abraf assns plan merger

The Brazilian Planted Forest Producers Assn (Abraf) and the Brazilian Pulp and Paper Assn (Bracelpa) are joining forces and merging into a new organization. The proposal, which already had full support from Bracelpa, was approved by unanimous decision last week at a general assembly with the members of Abraf, in the Brazilian capital Brasilia. A source told PPI Latin America that the details of the initiative have been in discussion for the past few days and are evolving.

"This new entity will join forces and combine the expertise of both associations, in order to broaden and strengthen the institutional actions of the planted forests both in the field and the industry," a spokesman for the organizations commented. The new association is expected to have multiple VP's, who would represent the different sectors of the forestry industry. As of yet, nothing has been reported on the name of the new organization, that is expected to contain the expression "planted forests."

Industry moderates environment impact

The forestry sector has improved its relationship with the environment and advanced its sustainable initiatives, according to the biannual report published...
The latest edition of the report found that, among ICFPA members, CO₂ and SO₂ emissions were reduced by 16% and 34%, between 2005 and 2011, and the use of bioenergy was increased by 3% since 2005, as well as the global rates of paper recycling, which rose 10% in the last eleven years, to the current 56%.

"Our sector is very diverse and it contributes to the economic development and social wellbeing of communities from all over the world. We work globally to improve practices and guarantee that we have products manufactured in a sustainable, renewable and natural way for our domestic and international clients. The emerging bio-economy can only increase the important role of this industry," the CEO of American Forest & Paper, Mike Coffey, commented.

Analyzing local information, the study indicates the area of FSC certified plantations in the only Latin American countries that integrate the list of ICFPA members, Brazil and Chile, which account for 3.9 million ha and 2.1 million ha, respectively. It also notes the countries' combat on illegal logging, highlighting the participation of Brazilian pulp and paper companies in the restoration of 2.9 million ha of natural forests through mechanisms such as the Legal Reserve Areas.

The effort to reduce fuel oil consumption and contribute to finding solutions for climate change in Brazil is also subject to observations by the ICFPA. "When it comes to energy mix, the Brazilian pulp and paper sector has made significant progress in the transition to a low carbon economy. From 1980 to 2010, fuel oil consumption dropped from 48% of the sector's energy mix (excluding the consumption of electrical energy) to only 5.5%, while renewable sources, such as biomass and black liquor, increased from 48% to 84.8%," the report states.

As for investment in workers and communities, the document stresses the number of jobs generated by the Brazilian pulp and paper industry, which employs 768,000 people directly and indirectly and creates income alternatives for surrounding communities. It points out that more than 700 social projects in which the pulp and paper sector invested in 2011, were aimed at improving health, education and culture and providing sports and leisure to low income communities.

New nonwovens R&D revealed in RISI study

Research and development (R&D) in the nonwovens industry last year was largely focused on disposable market applications. An examination of 600 key patents and patent applications found that 78.5% were related to this burgeoning segment of the industry. These and other findings were published in the 2013 Nonwovens Innovation and Technology Review, a new study by RISI.

"Our research found that the personal hygiene segment, mainly in absorbent composites and wipes, has received the most R&D attention. That area represented 29% of all disposable market inventions in 2012," said Rob Johnson, study co-author and founder of Smith, Johnson and Associates.

"We also discovered that while corporate R&D organizations at Procter and Gamble and Kimberly-Clark had the largest number of developments, the top innovations were spread across large corporations, universities, institutes, and smaller companies inside and outside of North America," continued Johnson.

In association with RISI, Johnson and Smith, Johnson and Associates principal D. Keith Osteen, co-authored the 2013 Nonwovens Innovation and Technology Review. Both are seasoned experts in the Nonwovens field and are regular contributors to Nonwovens Markets, RISI's news and market price service.

For more information on the study, visit www.risi.com/patents •
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