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COP18: Sector expects concrete outcomes

The annual amount of carbon sinking of Brazilian forest plantations is capable to mitigate all the national industry's emissions per year. Therefore, the forest plantations are an important patrimony for the governments to negotiate the climate changes issues, and Brazil has a privileged position due to its planted area. That is why the Brazilian pulp and paper industry has great expectations regarding the results of the Conference on Climate Change (COP18), held from 26 November to 7 December in Doha, Qatar. The Brazilian Pulp and Paper Association (Bracelpa) is an active participant in this negotiations, through Plantar Carbon consultancy. The discussions and resolutions, specially about carbon credits, will have impact on 2013 activities of this industry.

Delegations from many countries will discuss various topics, such as debates related to forest carbon credits, new market mechanisms - besides the Clean Development Mechanism (CDM) - and activities that foster the reduction of deforestation, primary forest conservation and increase of forestry areas as part of efforts to Reducing Emissions from Deforestation and Forest Degradation (REDD+).

Also, they will address the temporality of carbon credits, i.e. how to calculate carbon credits of a planted forest with an average volume of carbon stored in a given area, during the period between harvest and planting new cuttings. This point is

considered a major hurdle to acceptance of forestry credits in the European market.

With the ending of the Kyoto Protocol commitments (2008-2012) and the decisions taken at COP17 in Durban (South Africa), countries are now preparing themselves for a new phase (from 2013 to 2020) in the international regime. During these years, there will be a second commitment period of the Kyoto Protocol.

Furthermore, the Nationally Appropriate Mitigation Actions (NAMAs), adopted at COP15 in Copenhagen, in 2009, play an important role because they concern voluntary actions to reduce emissions by developing countries, including Brazil. It is expected that, in Doha, the criteria for the fulfilment of these actions will be defined, as well as international support tools capable of assisting emerging countries in implementing them.

Another important issue refers to the continuation of negotiations set out at the Durban meeting, approved at COP17 last year, which foresees emission reduction commitments for all countries from 2020, including developing nations like China, India and Brazil. It is hoped that the new international regime, after 2020, will be based on more ambitious mitigation efforts, which will enable the creation of more opportunities for the sector and Brazil, in that new mechanisms will give greater value to renewable products, such as forestry based ones.

Dear Reader,



In Brazil, an expressive amount of carbon dioxide and other greenhouse gases (GHGs) are sinked from the atmosphere by eucalyptus and pine forest plantations helping to mitigate the negative impact on climate change.

This offsetting is another attribute of our planted forests, a renewable resource and also one of our differences compared with other activities. Forest plantations have been improving year after year, and thanks to heavy investments in the latest technologies we are seeing, more and more, how the industry is able to collaborate in one of the biggest challenges facing the world today: preserving the planet for future generations.

With the prospects of increasing the current forestry area from 2.2 million hectares to 3.2 million hectares over the next 10 years, leading to the rise in the carbon sink, the sector is seeking the recognition and appreciation of planted forests, their socio-environmental impacts, and the storing of carbon.

It is vital that the international community creates mechanisms that demand solid, accessible and unique foundations for the enhancement of forest carbon as a way to foster best practices and, mainly, investments in technologies that enable better use of land, increase of productivity and the reduction of CO₂ emissions.

That is what we will be discussing at COP18, as well as the developments that will arise during the conference in 2013.

Enjoy this issue!

Elizabeth de Carvalhaes
 Chief Executive Officer

Results beyond targets



In late 2009, on the eve of COP15, in Copenhagen, Denmark, the Brazilian government took on, internationally, the voluntary commitment to reduce national emissions of greenhouse gases (GHGs) into the atmosphere, ranging from 36.1% to 38.9%, in relation to its projection for 2020. The target led to several government initiatives, among them the Mitigation Sectors Plans and Adaptation to Climate Change, overseen by the Ministry of Environment.

The federal government invited the country's major industries, who should comply with emission targets over the next few years. The Industry Plan (energy and industrial processes), coordinated by the Ministry of Development, Industry and Foreign Trade (MDIC), which includes the pulp and paper sector, initially foresees a 5% reduction of projected emissions by the industrial sector by 2020, which should drop from 324.4 million tonnes of CO₂e* to 308.16 million tonnes of CO₂e.

However, the government realises that only with these predicted reductions in the sectors, finalised in 2010, it would still be possible to reach up to a 40% reduction in projected gas emissions. This does not mean to free the industries from their obligations, whose plans still have to be finalised in 2012 and 2013, in line with the government time frame, but demonstrates a situation that allows for the execution of well-planned mitigation actions, in the coming years.

In this context, the pulp and paper industry finds itself in a different position from other industrial activities, due to having already gone through a transition to a low carbon economy and its emissions of GHGs is below the international average, with an average of 0.35 tonnes of CO₂e/per tonne produced, against a worldwide average of 0.65 tonnes of CO₂e/per tonne produced. ►

**(CO₂e) Carbon dioxide equivalent - Six greenhouse gases are limited by the Kyoto Protocol and each has a different global warming potential. The overall warming effect of this cocktail of gases is often expressed in terms of carbon dioxide equivalent - the amount of CO₂ that would cause the same amount of warming.*

► Currently, more than 75% of all energy sources used by the sector is renewable. The use of oil to generate thermic energy has fallen dramatically from 50% to less than 6%, with black liquor (wood waste resulting from the extraction of cellulose, which is a clean and alternative energy) taking its place and firewood which led to a reduction of 127m tonnes of CO₂e from 1980 to 2010. Add to that an average storage of 460m tonnes of CO₂e, sinked from the atmosphere by forest plantations managed by the sector.

Therefore, the balance between emitting and sinking by the industry is clearly positive for the environment and has a real potential for improvement. Estimates based on policies and incentives, especially the economic value of forest carbon, suggest that forest plantations for the production of pulp and paper could achieve an increase from 30% to 70% of carbon storage.

The full potential of mitigation and development of the forestry sector depends mainly on the appropriate economic compensations, such as enhancement of forest carbon market systems with strong socioeconomic integration, for example. In addition, measures such as

removal of infrastructure bottlenecks, reducing bureaucracy, integration of policies related to the different segments of forest-based production, among others, will all be very welcome.

The Brazilian pulp and paper industry, which has a history of working together with the federal government since the creation of the Inter-ministerial Commission on Global Climate Change (CIMGC), in 1999, is sparing no effort in broadening the possibilities of developing the forest-based industry while at the same time, reducing CO₂ emissions by the sector within the regulations of environmental and socio-economic responsibility.



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Sector wants to expand forestry area

A new model of forestry economy is being put forward in the country through the Sustainable Forests Brazil Initiative (*Iniciativa Brasil Florestas Sustentáveis*). At the head of this project are companies from the forestry based production of pulp and paper, Bracelpa and environmental organizations, such as the WWF Brazil, Conservation International (CI), The Nature Conservancy (TNC), Institute of Forest Management and Certification and Agricultural (Imaflora), among others.

The goal of Sustainable Forests Brazil Initiative is to contribute with efforts to mitigate the effects of climate change and promote sustainable development, through expansion of the planted forests areas and enhancement of its socioeconomic and climatic benefits.

Throughout this year, the participants identified challenges and opportunities and realised that Brazil coexists with a substantial deficit of forest plantations, as well as, a low achievement of growth potential in the sector, including the pulp and paper segment, which assesses the national's situation and the prospects for large-scale and long-term forestry investment.

The move envisages the creation of a large-scale pilot project, based on guidelines of the internationally acknowledged Clean Development Mechanism (CDM). For those in charge, this initiative is not simply limited to running the pilot project. It is an important tool for the initial development of a proposal for a major shift in Brazilian forest management.

Forest Carbon: Action across borders

In an effort to mitigate global warming, caused by the emission of greenhouse gases (GHGs) into the atmosphere, the Brazilian pulp and paper industry - which sinks more CO₂ than it emits - is working on the appreciation of forest carbon. Since 2008, its actions have tackled many different aspects, both on a national and international stage.

The presence of the Brazilian Pulp and Paper Association (Bracelpa) at the United Nations Climate Change Conference (COP14), in Poznan, Poland, was the starting point. Since then, the organisation has followed closely discussions concerning this matter. Debates that have become increasing in-depth and importance, in each of the following COPs, Copenhagen (Denmark), Cancun (Mexico) and Durban (South Africa), as well as in other significant meetings.

In 2010, Bracelpa became a member of the foremost international institution on climate change, the United Nations Framework Convention on Climate Change (UNFCCC), joining as the pulp and paper's Brazilian industry institutional representative.

At the same time, relevant actions began to bear fruit on a national level. In 2009, Bracelpa took part in the Brazilian Climate Alliance that brought together 15 entities from the agribusiness sector. In 2010, it was formed a working group that gave rise to the Sustainable Forests Brazil Initiative (*Iniciativa Brasil Florestas Sustentáveis*), that aims to promote the development of the sector by means of expansion of the planted forestry area and the recognition of the climatical, environmental and social benefits.

Other forestry-based industry activities, with significant international repercussions, have led to the maturing of the discussions surrounding the negotiations on forest carbon. An example was a workshop entitled 'Forests in Exhaustion' (*Florestas em Exaustão*), held in April, 2012, by the Ministry of Foreign Affairs, which gathered, in Brasilia, climate negotiators from Brazil and other South American countries, Africa, Asia and Europe.



The meeting resulted in an official document on the eligibility of degraded land areas where a new forest can be established, in accordance with the Clean Development Mechanism (CDM) of the Kyoto Protocol, strengthening forest credits. The text was submitted by the Brazilian government at the Bonn (Germany) meeting of the Subsidiary Body for Scientific and Technological Advice (SBSTA), in May. The SBSTA is a body that supports the work of the COP, providing information and advice on scientific and technological matters.

The involvement of Bracelpa and affiliates at Rio+20, in June, also made its mark on the agenda this year. Particularly the seminar Forests: the Heart of a Green Economy - carried out jointly by Bracelpa, the Food and Agriculture Organization (FAO) and the International Council of Forest and Paper Associations (ICFPA) - and the Business Day, an initiative by the World Business Council on Sustainable Development (WBCSD), which brought together leaders from different countries who have moved the topic's debates forward.

"In addition to international operations, we have worked very closely with the federal government in order to show how the pulp and paper industry can collaborate with Brazil's voluntary commitments to CO₂ emissions reduction. In 2013, we will continue looking for the definition of policies that preserve the interests of the country, in the social, economic and environmental levels", said Elizabeth de Carvalhaes, chief executive officer of Bracelpa.

Editorial: BR PULP & PAPER NEWS is a publication of the Brazilian Pulp and Paper Association (Bracelpa) intended to be used by associated companies, governments, the press and international entities. The reproduction of articles is permitted provided the source is mentioned.

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100% of Brazilian pulp and paper production originates from planted forests, renewable sources



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