



BY ELIZABETH DE CARVALHAES,  
EXECUTIVE PRESIDENT OF  
THE BRAZILIAN PULP AND  
PAPER ASSOCIATION (BRACELPA)  
✉: FALECONOSCO@BRACELPA.ORG.BR

## IMPORTANT ACHIEVEMENTS IN 2012

Despite the global economic crisis, the pulp and paper sector achieved important objectives in 2012. For such, coordinated and focused actions were created on subjects that encouraged competitiveness of Brazil's industry and provided momentum to cross this adverse period with the least amount of damage possible.

One example was voting the new Forestry Code, in which the sector played an active role and contributed with relevant issues, such as the Rural Environmental Registration (CAR), payment for environmental services, as well as reincorporation of the term *free planting of exotic species*, in the final text of the law. This was due, in large part, to the hard work of the sector to demonstrate its sustainable orientation.

In the tax area, extension of Reintegra until 2013, a program which already contemplates the paper segment and establishes the waiving of residual indirect taxes on exported industrialized products, was one the main claims of the sector to be embraced by the federal government. The sector is still working on also including pulp in this tax exemption regime, in order to maintain the country's industry as an important player in the international market.

Another good piece of news was payroll exemption, which as of January 1, 2013 includes pulp and paper manufacturers. With this, the industry will no longer pay 20% of the payroll to the INSS, in exchange for a 1% contribution over company sales in the domestic market. The sector has also benefited from the Ex-tariff mechanism that reduces the import tax rate on capital goods (BK) and IT assets (BIT) to 2%, from an average rate of 14% for this type of product. This is an excellent benefit that also impacts other taxes such as IPI, PIS/COFINS and ICMS.

In addition to payroll exemption and the new electricity cost reduction directive, it is also important to mention continuity of the non-automatic license for importing paper, increase of the Common External Tariff (TEC) for six types of paper from 12% and 14% to 25%, and nationalization of RECOPI, which will expand measures to combat the improper use of tax-exempt paper starting June, after having posted good results in São Paulo. Additionally, the requirement of approved labeling for this type of paper now facilitates supervising the improper use of the product.

Another highlight is the coalition formed by 21 entities from different sectors, one being Bracelpa, which delivered to Environment Minister, Izabella Teixeira, proposal of sectors'

agreement for implementation of a reverse logistics system for packaging, foreseen in the National Solid Waste Plan (PNRS), together with results of the initiative's financial feasibility study.

**International actions** – During Rio+20, Bracelpa's seminar "Forests: the Heart of a Green Economy", in conjunction with the International Council of Forest and Paper Associations (IFCPA) and the United Nations Food and Agriculture Organization (FAO), broadened visibility of the sustainable focus of our companies, reinforcing the importance of Brazil regarding this theme.

At the end of the year, during COP18, in Doha (Qatar), one of the main themes discussed – of interest to Brazil – was the temporality of forest carbon credits, which currently need to be renewed every five years, hindering its commercialization in the European Union. The theme will continue on the agenda throughout 2013.

Additionally, continuity of the Kyoto Protocol, approved for a second term (2013 – 2020) was the most important decision at COP18. Even though not assuming a commitment to reduce emissions, countries like New Zealand, Russia, Canada and Japan may purchase carbon credits voluntarily, generating opportunities for Brazil.

**Current and future projects** - As of this year, the trend is that the industry will focus more and more on valuing certifications, innovation, biotechnology research and pursuit of excellence, with projects highly associated to multiple uses of wood. Biofuels, biomaterials, biocompounds shall definitely become part of the pulp and paper sector's vocabulary.

In terms of government, negotiations shall continue on themes that seek unburdening investments, such as reducing federal taxes (PIS/COFINS e IPI) and state taxes (ICMS). This scope also foresees actions aimed at turning around the loss of competitiveness that the pulp and paper sector undergoes due to an unfavorable exchange rate.

In the international sphere, creating a Global Agenda of Planted Forests is one of the objectives for 2013. For such, a document is being prepared regarding the main characteristics, socio-environmental contributions and importance of planted forests worldwide. For industrial purposes, these forests are cultivated in South Africa, Argentina, Australia, Brazil, Chile, China, India, New Zealand, Portugal, Spain and Uruguay. ■