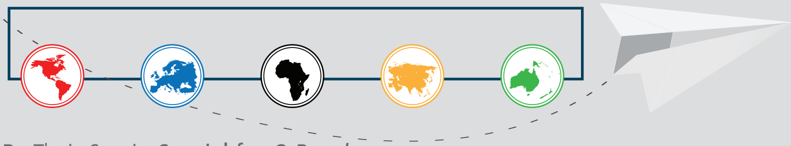


By Thais Santi - Special for *O Papel*

O *PAPEL MAGAZINE* INTRODUCES AN **INTERNATIONAL SERIES** THAT COVERS THE FOREST BASE SECTOR IN ALL FIVE CONTINENTS

The new series ***The Sector Around the World***, presented in five chapters, will provide an overview of the forest base sector from the perspective of the main producers in the pulp and paper sector, pursuant to the economic context in the five continents

Travel through the five continents, visit the main producers in the pulp and paper sector in each part of the globe and understand the representativeness of the forest base industry for the economy of these regions will now be possible through this new edition of *O Papel* magazine.

This month, we kick off the new series *The Sector around the World*, providing an overview of the market generated by the business activities of planted forest companies, that contribute around $600 billion annually to global GDP and employ more than 50 million people, as reported in United Nations' FAO *Global Forest Resources Assessment* – FRA 2015.

Organized in five chapters per continent: America, Asia, Europe, Africa and Oceania, the new series will showcase the forest base in each region, volumes produced, main destinations of pulp and paper production per continent, the representativeness of this industry for the economies of countries, the main import and export markets, the main expansion projects over the next years and other information of equal importance for understanding this market.

It is a snapshot of a highly globalized industry. A sector in full development, for which main raw material is obtained from planted forests. Today, these plantations amount to 291 million hectares, that is, 7% of total forest area in the world, within a universe of 234 countries and that grows more than 3 million hectares per year. Also according to the FAO report, since 1990 planted forests have grown 105 million hectares, with a major peak verified over the 2000-2005 period, of 5.9 million hectares per year.

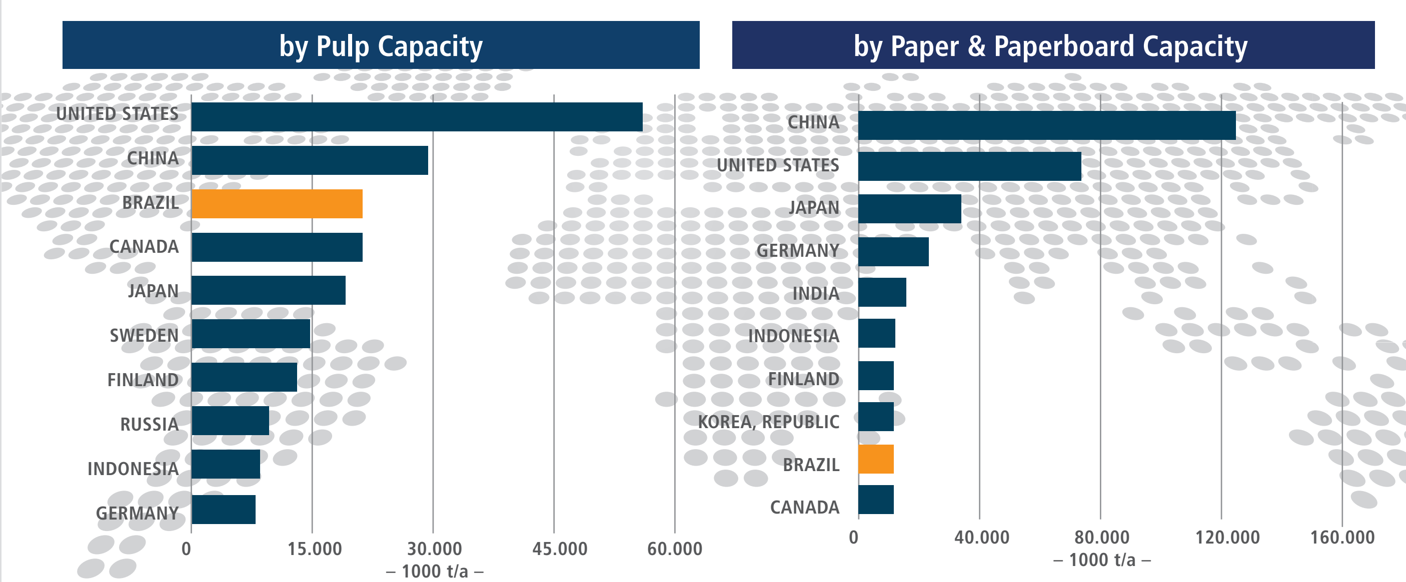
Of this total, roughly 36 million hectares are of high yield forests - the supply base of wood that sustains the pulp industry's growth in the most competitive regions, located mainly in Latin America and Asia.

Brazil has roughly 7.8 million hectares of high-yield forests of pine, eucalyptus and other species. Of this total, approximately 2.7 million hectares are earmarked for pulp and paper production.

Global pulp production in 2013 totaled 164 million tons. The main regions that lead this market are Asia, North America and Latin America **(see ranking of top pulp and paper producers in the world).** It is important to also point out the production capacity increases of mills announced to satisfy the Asian market, as reported by consultancy Pöyry Tecnologia, which contributes to *The Sector around the World.*

This growth also seeks to satisfy the supply of market pulp, which went from 24% of total pulp in 1995 to 35% in 2013, and is expected to reach 42% by 2025. This is due, among other factors, to overcome supply deficiencies of recycled paper, which faces challenges in terms of collection, quality and adequate quantities for this market.

TOP 10 COUNTRIES - 2015



Source: Pöyry

Another movement is the increase in the share of bleached hardwood pulp, with the vast majority of new mills to satisfy the Chinese market's demand. Brazil is the production leader of hardwood market pulp and the trend is that this growth will continue. On the other hand, softwood gained space in the fluff pulp market, but is still not posting significant numbers, informed Pöyry, *(see article published in the* 2015 ABTCP Guide of Manufacturers and Suppliers*)*.

According to the analysis provided by Consufor, **published in the April and May editions of *O Papel* magazine**, it is also important to observe in the global evolution of pulp production the shift in pulp production from the northern to the southern hemisphere. Consulting firm Consufor, headed by Marcio Funchal, a monthly columnist of *O Papel* magazine, points out that this is a more recent movement, verified by the reduction in production volume and share of global production in North America.

However, in the global production evolution of paper and paperboard, this same migration does not occur. On the other hand, it is correct to say that there has been a clear transfer of paper and paperboard production from Western to Eastern countries, more specifically from North America to Asia.

In 1950, global production of paper amounted to 50 million tons per year. In 2013, 388 million tons were produced. According to Pöyry Tecnologia estimates, this figure shall increase to 482 million tons by 2030 – representing a growth rate of 1.1% a year, already considering the lower consumption in developed nations such as Japan, Western Europe, North America and Oceania. In developing countries, particularly China, packaging, tissue and paperboard consumption will increase.

In next month's issue, check out the first chapter of* The Sector Around the World, *focusing on the American continent.