

By Thais Santi - Special for *O Papel*

OCEANIA – CHAPTER 5

Reaching the end of our new series The Sector around the World, this issue we present **Chapter 5 – Oceania** –, concluding our trip through the five continents in an attempt to learn more about the forest base sector. Having begun in September 2016, The Sector around the World series has traveled already to North and Central America, Asia, Europe and Africa before landing here. If you missed any of the previous chapters, you can access them at the following link www.revistaopapeldigital.org.br



We've arrived at our final destination, Oceania! This month, we have landed in a continent composed of 15 countries and territories, with a population of just 39.3 million inhabitants, distributed in an area of 8.5 million km². It is the smallest of all five continents considering its size, but is responsible for an impressive Gross Domestic Product (GDP) of US\$ 1.52 trillion.

According to the United Nations' Food and Agriculture Organization (FAO), the region's forest area comprises 174 million hectares, of which 4.4 million hectares are planted forests. In the forestry sector, Australia and New Zealand are important suppliers of wood chips for the pulp industry in Asia. Additionally, paper production in Australia is mainly based on virgin fiber.

With regards to wood for pulp and paper production, consultancy Pöyry, contributor to The Sector around the World series, points out that in 2014 the region was responsible for the production of 6,168 million tons of pulp, 2,788 million tons of virgin fiber pulp and 3,733 million tons of paper.

Of this total, 42% of pulp production for making paper (virgin fiber, recycled fiber + non-wood fiber) and 42% of paper production was exported. At the same time, 5% of pulp production to make paper (virgin fiber, recycled fiber + non-wood fiber) and 51% of paper production was imported.

"The expectation is that both consumption and production will remain stable in Oceania," said Manoel Neves, Economic Studies Manager at Pöyry. The main production regions are Australia and New Zealand, while the three main producers are Visy, Oji and Norske Skog. **See details about these companies in the "Top 3 - Oceania" box, as well as capacity expansion projects in the region for all segments through 2020)**

AUSTRALIA

Australia possesses more than 147 million hectares of native forests and roughly 1.82 million hectares of planted forests. With roughly 4% of the global total, Australia has the sixth largest forest area in the world and the fourth largest area of preserved forests. The forest



industry annually contributes roughly US\$22 billion in business volume, employing more than 66,000 people.

The distribution of forests is determined by climate variability and soil properties, among other factors. The most common tree species in Australia are eucalyptus, accounting for 78% of total forest area, followed by acacia, melaleuca, tropical forest, casuarina, mangrove and callitris.

Source: Australia's Ministry of Agriculture

NEW ZEALAND

New Zealand's forest sector contributes just 1.1% of the global supply of industrial wood and 1.3% of global forest-product trade. However, the region has major relevance in silviculture, contributing a gross annual revenue of around US\$5 billion or 3% of the country's GDP, directly employing 20,000 people. Wood products are the third main source of exports for New Zealand, after dairy and beef.

The industry is based on exotic sustainable-plantation forests, covering 1.751 million hectares - roughly 7% - of New Zealand's land area. Pinus radiata is responsible for 90% of the exotic plantation area, while douglas fir (*Pseudotsuga menziesii*) accounts for 6% and the remainder comprises eucalyptus and other types of species. The

total volume of planted forests is estimated at 502 million m³ with an average forest age (weighted area) of 17.1 years.

In 2015, total exports of forest products in New Zealand amounted to US\$4.8 billion, earmarked mainly for China. Total pulp production that year was 1.438 million tons and 58% of other papers and boards were exported.

Source: Government of New Zealand

FIJI

Fiji is a region with significant forest coverage, totaling approximately 956 thousand hectares. Revenue from forest-product exports corresponds to roughly 1% of the country's GDP. Another 5% are planted forests of hardwood pine. There exists expansion potential for these areas, with a focus on mahogany. That's because this wood species is classified as the 5th most important export product in the region.

According to the FAO, inefficient and noncompetitive sawmills were eliminated in the country and those that remain operating suffer from a lack of investment. There are only two mills left that produce plywood and particleboard.

Source: FAO

Overview:

OCEANIA (15 COUNTRIES AND TERRITORIES)

- Population:** 39.3 million
- Area:** 8.5 million km²
- GDP:** US\$ 1.52 trillion
- Forest area:** 174 million hectares
- Planted forests:** 4.4 million hectares (FAO, 2015)



- Total Paper Production:** 3,733 thousand tons/y
- Total Pulp Production:** 6,168 thousand tons/y
- Virgin Fiber Pulp Production:** 2,788 thousand tons/y (Pöyry, 2014)

Production Capacity in Oceania - Paper & Paperboard - 2016

Rank	Country	Capacity 1000 t/y	%
1	Australia	3321	81
2	New Zealand	761	19
3	Fiji	1	0
	Total	4083	100

Source: Pöyry

Production Capacity in Oceania – Market Pulp - 2016

Rank	Country	Capacity 1000 t/y	%
1	New Zealand	1.070	100
	Total	1.070	100

Source: Pöyry

Production Capacity in Oceania – Total Pulp - 2016

Rank	Country	Capacity 1000 t/y	%
1	Australia	1930	53
2	New Zealand	1730	47
	Total	3660	100

Source: Pöyry

Capacity expansion projects in Oceania (through 2020)		
Company	Country	Segment
ABC Tissue Products	Australia	Tissue

Source: RISI



TOP 3 – OCEANIA

Paper and Board + Market Pulp Producers

	Visy (Company website)	Oji (2015 annual report, Oji FS and Pan Pac websites)	Norske Skog (company website and 2015 annual report)
Company description	Founded in 1948 in Melbourne, Australia, Visy is today one of the biggest packaging, paper and recycling companies worldwide	Oji Fiber Solutions dates to 1874 in New Zealand, when the Robert Holts steam sawmill was founded, and over the years became the main producer of forest products until being acquired by Oji in 2004	Norske Skog is a Norwegian company, specialized in paper for newsprint and publications in general. Its business unit in Oceania stems from the 2000 acquisition of Fletcher Paper, a New Zealand company founded in 1981
Products	Different types of paper, board, paper packaging, cans for food and beverage, plastic and glass packaging	Pulp, board, paper packaging and recycled paper	Paper for newsprint, books and catalogs
Production	790 thousand tons of paper packaging, 1.7 million tons of recycled paper and board	410 thousand tons of board, 175 thousand tons of packaging, 530 thousand tons of pulp, 300 thousand tons of recycled paper and another 300 thousand tons of TMP pulp produced by Oji group-company Pan Pac	715 thousand tons of paper
Forest base / raw material	Does not possess its own forest base, utilizing waste from sawmills and tree pruning, as well as pulp purchased in the market from FSC-certified sources	Does not possess its own forest base, but purchases virgin wood from Oji-group planted forests, as well as market pulp and post-consumption wastepaper collected through an internal program called Fullcircle	Does not possess its own forest base, utilizing virgin pulp purchased in the market and recovered fiber
Global presence (plants)	4 countries	Australia and New Zealand	Australia and New Zealand
Production units	120	12	3
Employees	5,500	1,650	688

Source: Pöyry (April/2016)

Note: RISI, the top provider of information about the pulp and paper market, and contributor to O Papel magazine's The Sector around the World series, offers reports, databases and studies with detailed information about these projects, which can be accessed at <http://www.risi.com/>

RISI