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## THE LEADING FOREST-PRODUCTION MUNICIPALITIES IN BRAZIL

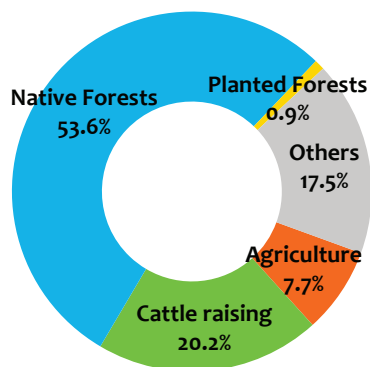
The forest base sector in Brazil is deeply based on the supply of wood coming from planted commercial forests, in view that natural forest management (mainly the Amazon region) is earmarked for an increasingly more restricted market of solid high added-value wood.

In analyzing the use of soil in Brazil, we see that forest plantations occupy less than 1% of the country's surface (see Figure 1), supplying with its 7.5 million planted hectares several production chains in various parts of the country. Of this amount in area, almost  $\frac{3}{4}$  are eucalyptus plantations (Figure 2).

Eucalyptus forest plantations are mostly present in the Southeast and Midwest of the country. Additionally, more than half of eucalyptus forest production in Brazil is concentrated in just three states: Minas Gerais, São Paulo and Mato Grosso do Sul (Figure 3). Pine plantations are even more concentrated in Brazil, being mainly located in the South and part of the Southeast. As a result, more than 75% of pine forest production occurs in just two states: Paraná and Santa Catarina (Figure 4).

Specifically regarding eucalyptus, Figure 5 shows the location of

Figure 1 – Use of soil in Brazil



Source: IBGE and IBÁ, adjusted by CONSUFOR's database

Figure 2 – Breakdown of planted forest areas in Brazil, by type

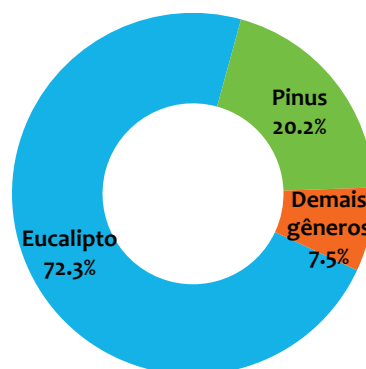
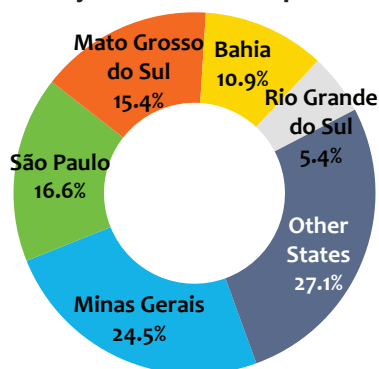
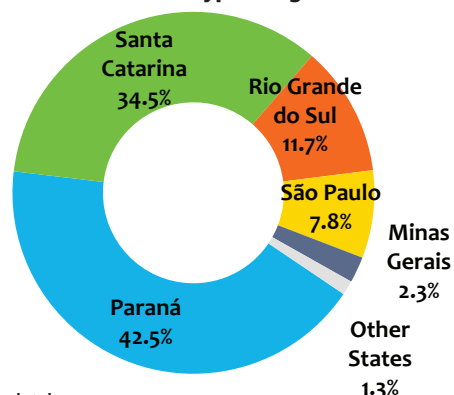


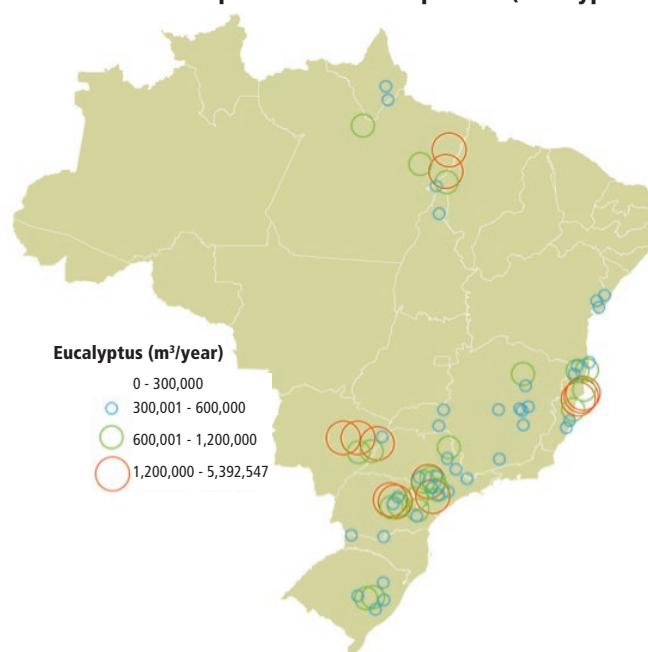
Figure 3 – Breakdown of eucalyptus log production in Brazil, by number of municipalities



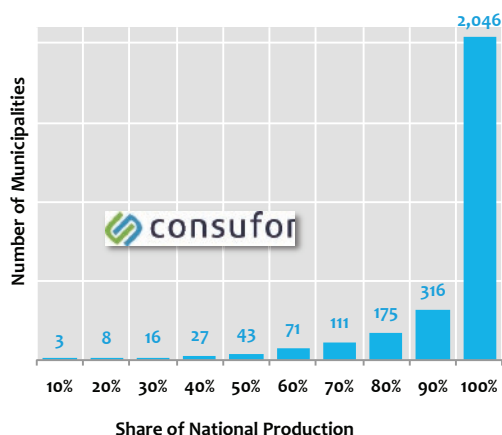
Source: IBGE and IBÁ, adjusted by CONSUFOR's database

Figure 4 – Share of the main municipalities in the production of eucalyptus logs in Brazil

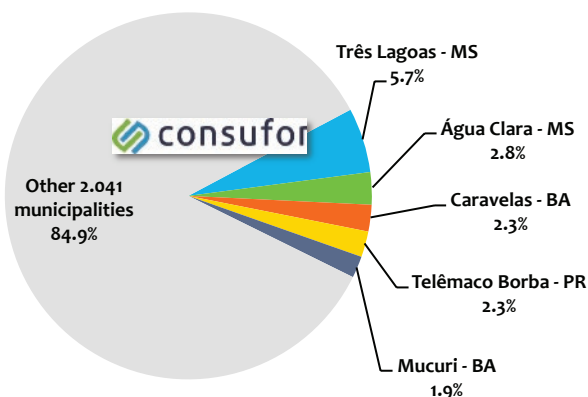


**Figure 5 – Main forest production municipalities (eucalyptus logs)**

Source: IBGE and IBÁ, adjusted by CONSUFOR's database

**Figure 6 – Breakdown of eucalyptus log production in Brazil, by number of municipalities**

Source: IBGE and IBÁ, adjusted by CONSUFOR's database

**Figure 7 – Share of the main municipalities in the production of eucalyptus logs in Brazil**

the most important municipalities in terms of annual log production. The municipalities in the North and Northeast of Brazil have a strong connection with pulp and energy generation. In the other regions pointed out, the industrial uses of eucalyptus are multiple: mainly pulp and paper, steel, reconstituted wood sheets, solid wood and energy.

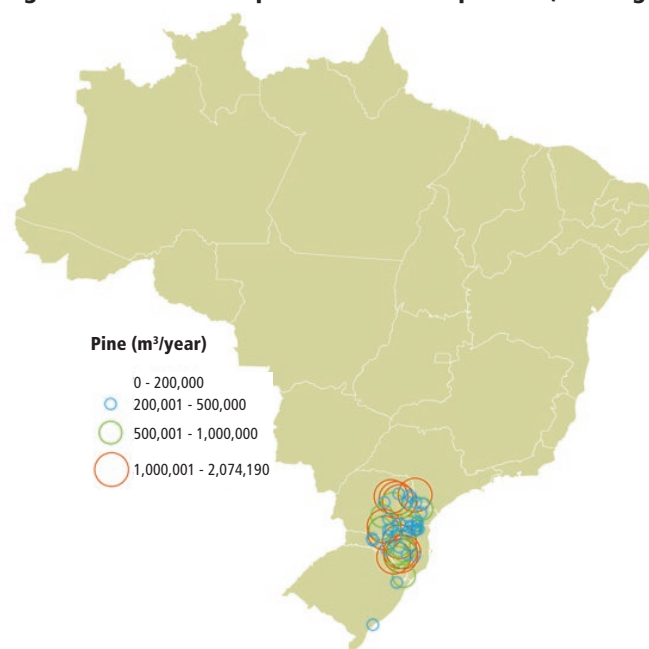
Individually, the concentration of log production in certain municipalities is quite expressive. Figure 6 shows the production breakdown in terms of number of municipalities involved for each "fraction" of eucalyptus log production, which occurs in roughly 2,050 Brazilian municipalities. A few reminders: (i) three municipalities account for 10% of national

production; (ii) 50% of eucalyptus production in Brazil takes place in just 43 municipalities.

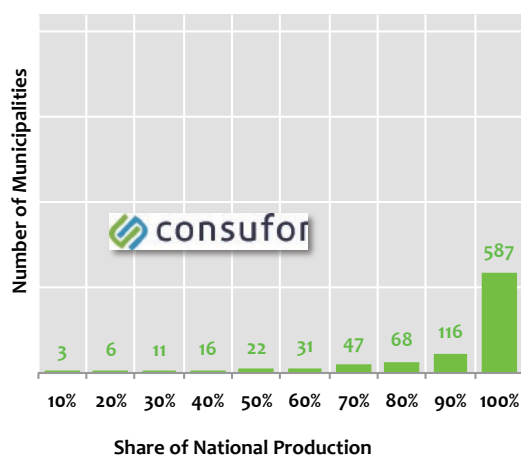
Figure 7 shows the most important municipalities today for eucalyptus log production. The national champion for this type of wood is the municipality of Três Lagoas in Mato Grosso do Sul state, mainly earmarked for the pulp segment.

In terms of Pine, Figure 8 shows that, individually, the most important municipalities in terms of forest production for this type of wood are the states of Paraná and Santa Catarina.

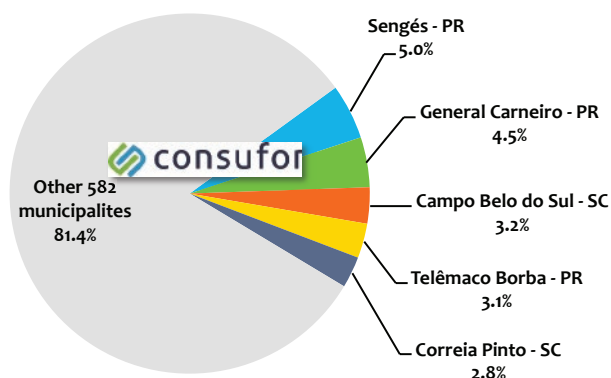
The markets that Pine wood caters to include pulp and paper,

**Figure 8 – Main forest production municipalities (Pine logs)**

Source: IBGE and IBÁ, adjusted by CONSUFOR's database

**Figure 9 – Breakdown of pine log production in Brazil, by number of municipalities**

Source: IBGE and IBÁ, adjusted by CONSUFOR's database

**Figure 10 – Share of the main municipalities in the production of pine logs in Brazil**

reconstituted wood sheets, solid wood and energy. Pine wood in the South region also has a share in the production of animal protein (poultry farming) and chemical byproducts (via resin extraction).

If the concentration of key municipalities was already high in the case of eucalyptus, it is even more impacting when analyzing the production of pine logs in Brazil (approximately only 590 municipalities currently participate in its production nationwide). Figure 9 shows how many municipalities are responsible for the production fractions

of pine wood in Brazil. According to this data, a little more than 10 municipalities account for 30% of pine log production in Brazil, while 90% of national production comes from just 116 municipalities.

According to Figure 10, the national champions of pine log production are all located in the states of Paraná and Santa Catarina. The biggest individual producer today is the municipality of Sengés (PR), which mainly caters to the markets of pulp and paper, reconstituted wood sheets and solid wood. ■

CONSUFOR provides business and strategic consulting, and specializes in the wood industry, pulp and paper, bio-energy, steelworks, forestry and agribusiness sectors. CONSUFOR develops services in the following business areas: Mergers and acquisitions, Market intelligence, Diagnostics and strategy, and Business engineering.

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