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Timber, Pulp and Paper

Introduction

Wood has been an integral part of the evolution of the human race. Today, wood finds use in our lives mainly in the form of timber and various products processed from wood like pulp & paper. However, with rising demands, forest practices associated with timber, pulp and paper operations have had devastating impacts on some of the world's most ecologically important places and species. Unsustainable operations have contributed to the degradation of high conservation value forests, illegal harvesting, human rights violation and social conflicts.

The global timber market is among the largest industrial segments. Unsustainable extraction and illegal trade in timber has resulted in the loss of forests and biodiversity in many countries.

Presently, the world's forests are depleting at the rate of 16 million ha per annum. As estimated €10–15 billion is lost through illegal logging globally each year, of which more than 50% is from tropical forest deforestation in Central Africa.

Facts and Figures:

India holds a pivotal position in the global forest products trade with a growing potential to influence forest management in a wide range of countries.

The Indian paper industry is estimated between Rs 30,000 to Rs 35,000 crore and accounts for over 2.5% of the world's paper¹. The paper industry in India, comprises of more than 800 mills and provides direct and indirect employment to 1.3 million people. For past ten years from 2000-2010 paper consumption in India has grown at a CAGR of 9.93%.

The industry is expected to cross 20 million tons by 2020 and 40 million by 2030 with an annual growth rate of 7- 8 per cent. Per capita consumption of paper has increased from 5 kg per annum in 2003 to 12 kg per annum current compared to the world average of around 50 kg and 40 kg for the Asia Pacific region.² India shares 2% of global paper production and it is one of the high priority industry of Government of India. National Forest Policy 1988 triggered a major transition in raw material sourcing for Indian Pulp & Paper Industry. The traditional dependency on state forests has been progressively replaced by dependence on farm forestry. On average the industry in India uses only 3.5% of the total wood from forests.³ However, the potential for significant increase in per capita paper consumption in India positions the industry for major expansion in ensuing years.

¹ Paper Mart, Apr-May, 2012

² Paper Mart, Apr-May, 2012; Credit Rating and Information Services of India Ltd, (CRISIL); 2011

³ Indian forestry Outlook Study, MOEF; 2009



The major sources of domestic production are

- government owned forest and plantations
- farm/agro forestry
- private plantation

Besides these, the demand shortfall of timber in the country is met through imports and reclaimed wood. India is the 12th largest producer of timber logs among ITTO member countries, with a market share of about 2.1%. It accounts 23.19 mn cum (2011) of domestic timber log production. India is also the 10th largest consumer of timber logs holding about 3% of the total market. India imports nearly 20% of its production from countries such as Malaysia (57%), Myanmar (18%), Ghana(4%), Gabon(3%), Papua New Guinea(2%), with these imports growing at 12% annually.

Main Issues involved:

The total industrial demand for wood, in terms of round wood equivalent (RWE) is expected to rise from 58 million cubic meters in 2000 to 153 million cubic meters in 2020.

The productivity of timber in India is only 0.7 m³/ha/year whereas the world average is 2.1 m³/ha/year. The rising demand for RWE would trigger loss of dense forests and valuable biodiversity, as more forest areas are converted for production forestry / forest plantations.

The pulp and paper industry's present raw material sourcing as well as future international operations are expected to increase India's trans-boundary ecological footprint. In the absence of suitable environmental safeguards, these operations can result in several social and environmental problems including destruction of tropical forests, illegal logging, permanent loss of natural habitats, and loss of biodiversity. This is particularly relevant in the case of Southeast Asia where plantations for the pulp and paper sector are resulting in destruction of tropical rainforests, illegal felling and forest destruction.

Commodity Standard in place

The Forest Stewardship Council (FSC) is a non-profit organization devoted to encouraging responsible management of the world's forests. FSC sets high standards that ensure forestry is practiced in an environmentally responsible, socially beneficial, and economically viable way.

Certification guarantees that the wood fiber in a paper product is sourced from well managed forests or recycled materials. Usually, for a paper product to achieve certification, it must be able to be traced from a certified forest or certified paper manufacturer, merchant and finally printer who have chain of custody.



WWF - India's work on Timber, Pulp and Paper

The Global Forest & Trade Network (GFTN) - a WWF-led programme formed in 1991 - recognizes that an effective response is required to turn the global marketplace into a positive force to save the world's most valuable and threatened forests. The GFTN links more than 300 companies, communities, NGOs, and entrepreneurs in more than 30 countries around the world. Together these companies represent 19% of the global annual trade in forest products with a combined \$73 billion (U.S.) in sales. The goal of this initiative is to create a new market for environmentally responsible forest products.

GFTN was launched in 2008 in India, with the objective of promoting and facilitating environmentally, economically and socially sound forest conservation and management practices in India. GFTN-India created awareness and promoted environmentally responsible production, consumption, trade and procurement policies and practices in forest goods and services within the states of Rajasthan, Uttar Pradesh and Kerala with SMEs under its Switch Asia Programme supported by European Commission.

ITC Paperboards and Specialty paper Division (ITC-PSPD) became the first member of GFTN India in 2009. Currently there are eleven GFTN-India participants, that include 10 SMEs.

Looking ahead

Several approaches and solutions are available to address the environmental impacts of Timber, Pulp and Paper industry. These include forest certification, roundtable processes, stepwise approaches, scorecards, forest trade networks and HCVF assessments. Incorporation of these approaches into management practices can promote positive social impacts for the industry. Technology is available for paperless functions and operations suitable to several situations including sectors that use traditionally paper intensive businesses (eg. financial and banking services).

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