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PRESS RELEASE

The pulp and paper segment will negotiate carbon credits from its forestry base at the COP 15

The aim of this action is to recognize planted and natural forests in the Kyoto Protocol

SÃO PAULO, December 2009 – Win recognition in the Kyoto Protocol for carbon credits from planted and natural forests and eliminate restrictions that prevent their commercialization in current major carbon markets – the European Union. This is the objective of the Brazilian Pulp and Paper Association (Bracelpa) in negotiations to be held from December 7 to 18 at the *15th Conference of Stakeholders of the United Nations Framework Convention on Climate Change (COP 15)* in Copenhagen (Denmark).

The commercialization of carbon credits from forests is an opportunity for the Country to attract capital and new investments. “To that end, it is fundamental to change the European Union stance, which does not consider these credits eligible for offsetting emissions from polluting substances”, states Elizabeth de Carvalhaes, Bracelpa’s executive president. “Planted forests of the pulp and paper segment annually absorb 64 million tons of CO₂, while manufacturing processes are responsible for the emission of 21 million tons of CO₂. It is certainly an expressive contribution for the climate and places the segment as an environmental creditor in climate negotiations”, arguments Elizabeth.

The current wording of the Kyoto Protocol, in which the EU’s climate policies are based, states that forests are subject to the forces of Nature, such as clearing of land by burning, windstorms, floods, and other events known as “acts of God”. That is why there is no warrantee of forest carbon storage in the long run.

Bracelpa proposes to establish a periodic forest monitoring to better guarantee this important issue – i.e., CO₂ absorption, carbon volumes stored and potential CO₂ capture –, and thus ensure available carbon storage for trade. The

Association still proposes the celebration of an agreement among stakeholders to replenish this storage in case of reduced carbon volumes, in addition to creating insurance and reinsurance facilities for planted forests. “We will, therefore, be able to offer guarantees to the market and have data available in future on planted forest CO₂ absorption”, explains Elizabeth.

Another Kyoto concept contrary to planted forests is “temporary carbon storage”. According to the document, all carbon accumulated in planted forests returns to Nature when trees are harvested and transformed in wood for innumerable applications and other byproducts. The segment questions this concept and advocates that it does not apply to forests planted for industrial activities: the CO₂ absorption cycle is never interrupted given that once a tree is harvested, another is planted in the very same place.

“The paper prepared by the segment is one of the most audacious the Brazilian government will submit at a negotiation table”, says Elizabeth de Carvalhaes. Proposals are concentrated on the improvement of Clean Development Mechanisms (CDM), which is one of the major sources of carbon credit generation. CDM are an important alternative for developed countries to achieve their goals in terms of limiting and reducing emission of greenhouse gases (GHG).

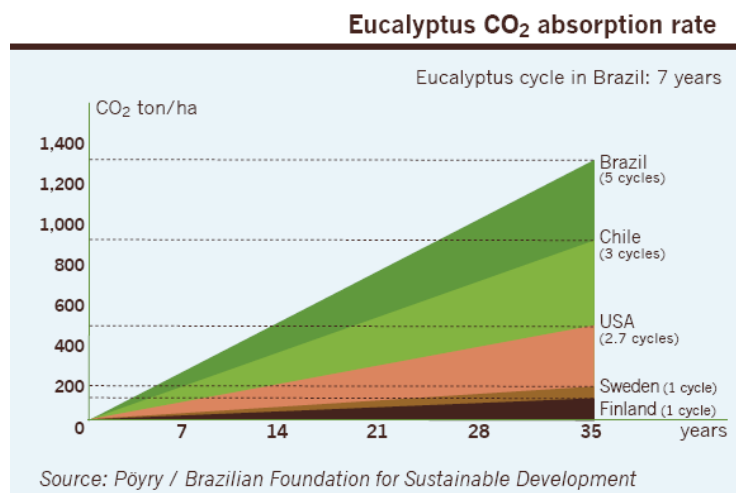
Expectations at the COP 15 are for a review of the Protocol wording and the creation of new tools and methodologies for CDM. “This proposal may create a new product in the carbon market, possibly with characteristics quite different in relation to all others seen up to now”, says the executive. Currently, forest carbon credit negotiation is limited to voluntary markets, such as the Chicago Climate Exchange (CCX) – in which companies of the segment already negotiate credits.

Planted forests of the pulp and paper segment

Brazil is one of the few countries worldwide in which 100% of the pulp and paper production comes from planted forests, natural sources of renewable raw material. Decades of investments in research and genetic improvement lead to the increase of planted forest productivity, a fact that results in a greater number of crops in one same area.

In addition, favorable climate and soil conditions warrant Brazil a comparative advantage: a short tree growth cycle. Eucalyptus, the species used in the manufacturing of napkins, toilet paper and paper for printing and writing, among other products, is harvested after six or seven years from its planting – less than half of the time in which the species needs to fully develop in other regions. On the other hand, pines, used in the production of paper for packaging products and the press industry in general, is harvested in 15 years, i.e., ten years less than the cycle of this same species in other countries.

The short growth cycle of these species is another argument in favor of planted forests at the COP 15. During the first years of development, the species are highly effective in terms of CO₂ capture. After a few years the absorption rate tends to stabilize. With the eucalyptus' and the pine's short growth cycle, one is able to affirm that planted forest of the segment are responsible for absorbing CO₂ from the atmosphere at its utmost potentiality.



Permeated amidst native forests, planted forests are cultivated in “mosaic” patterns, creating true ecological corridors for the preservation of the ecosystem and biodiversity. Subsequent to harvesting, the earth receives new tree seedlings.

The pulp and paper segment covers 4.8 million hectares in forested areas, of which two million hectares are of planted forests; the remainder is composed by preservation stretches of land maintained by the companies. Today, this is an

international reference industry: it holds the 4th position as a pulp producer worldwide and ranks 11th in terms of paper.

Planted forests in Brazil

Brazil has 6.7 million hectares of planted forests, an area equivalent to 0.7% of the Country's territory. Forests supply inputs are destined for the wood, furniture, steel metallurgic and pulp and paper industries, thus helping to reduce natural forest deforestation.

A source of renewable biomass energy and environmentally correct products, planted forests recover degraded areas, preserve important ecosystems and the extinction of endangered species, and are responsible for the creation of jobs and generation of wealth in areas far from the Country's urban centers.

The Brazilian forest heritage may generate an expressive volume of credits for negotiations in the EU's carbon market.

About Bracelpa – The Brazilian Pulp and Paper Association (Bracelpa) is the entity responsible for the institutional representativeness of the segment in the Country and abroad. Its actions are conducted within and industrial sector with highly competitive world class products, which faces globalized and extremely active markets. Brazilian companies of the segment are an international reference for its sustainable practices in all phases of the production process. One of the major competitive edges of Brazil in relation to its global competitors is that for decades it has harvested – not cut – trees for the production of pulp and paper. Currently, 100% of the pulp and paper production come from raw material of planted tree forests, i.e., renewable resources. In addition to prevent deforestation, forest planting is carried on mainly in degraded areas and act as a factor that helps the labor force to remain in rural areas. Forests of the pulp and paper segment are certified by internationally acknowledged certification bodies such as the Forest Stewardship Council (FSC) and the Brazilian National Forest Certification Program (Cerflor).