



**Report on International Council of Forest and Paper Associations (ICFPA) and FAO  
Advisory Committee on Sustainable Forest Industries (ACFSI) meetings  
9 – 11 June 2014  
St Petersburg**

## **Introduction**

The purpose of the ICFPA as an international forest industry association is to provide a forum for global dialogue and co-ordination, represent the global industry in international organisations, develop positions on issues of mutual interest and to co-ordinate and communicate on action by member associations. The ICFPA represents 60% of the world's wood production and 87% of the world's paper production.

The ICFPA is the only global platform for the forest sector and it allows exchange of information experience amongst 38 countries.

The body has a unique and effective role with the Forest Department of the UN Food and Agriculture organisation through its specialist advisory committee – the ACFSI. The ICFPA and ACFSI meetings are deliberately held in tandem in order to inform and support each other. The ICFPA is able to propose to the FAO various work programmes, studies and to request reports on priority issues for the industry.

The ICFPA also has observer status in the UN ECOSOC (United Nations Economic and Social Council). ICFPA also allows associations to coordinate activities in some international advocacy fora and a particularly good example of this has been work by South Africa, Europe the US, Australia and New Zealand in the UNFCCC climate negotiations. The ICFPA also produces a flagship publication – the Sustainability Report – every second year which looks at the economic, environmental and social sustainability performance of the industry and its members and this supplements a quarterly newsletter which is also intended to update members but also influence external parties.

A number of the representatives sit on both bodies. Donna Harman of the American Forest and Paper Associations is current chair of the ICFPA and Mike Peters of Forestry South Africa is chair of the ACFSI.

Further information is available on the respective websites.

Key topics covered at the 13<sup>th</sup> meeting of the ICFPA and the 55<sup>th</sup> meeting of ACFSI were:

## Biotechnology

In both the FAO Advisory Committee meeting and the International Council meeting biotechnology came in for considerable discussion with a number of papers and presentations discussed. I spoke to a Scion prepared paper which I had been in communication with them about before leaving New Zealand ([http://foris.fao.org/meetings/download/2014/55th\\_session\\_advisory\\_committee\\_on\\_sustainable\\_fm/misc\\_documents/scion\\_draft\\_contribution\\_fao\\_update\\_forest\\_biotech\\_280514.pdf](http://foris.fao.org/meetings/download/2014/55th_session_advisory_committee_on_sustainable_fm/misc_documents/scion_draft_contribution_fao_update_forest_biotech_280514.pdf)). I also then provided an update of the legal challenge that the NZ Sustainability Council had taken to the High Court. In the ICFPA meeting Kenneth Munson (Global Director, Forest Projects for IPA and based in Memphis) provided a global presentation. The presentation included a couple of examples of where the Institute of Forest Biotechnology (<http://forestbio.org/>) in North Carolina US, has been involved in the potential use of biotechnology to address biosecurity threats including the example of the Phytophthora threat to kauri in New Zealand. Someone from the Russian delegation also described activities in the Federation. They made reference to the use of genetics without actually specifying GMO but in subsequent discussion with them it became clear that GMO was a key part of their genetics work. They presented an interesting argument for the use of GE in combating illegal logging on the basis of it being used in the development of short rotation plantation species to relieve the pressure on their native forest and hence illegal logging.

There is considerable nervousness on the part of the Europeans, in particular, for having too open a dialogue on biotechnology. From CEPI and from Klaus Windhagen (German pulp industry) came a strong cautionary note on communicating biotechnology information within the ICFPA. The outcome agreed appears to be for further dialogue and the development of an information paper that may or may not be put on the ICFPA website, but the ICFPA is a long way from having a position on the topic.

## Recovered Paper

Japan Paper Association (JPA) offered to build, on behalf of ICFPA, a database of recovered paper collection and recycling systems based on member countries / regions data. This offer has been taken up and the opportunity for New Zealand to have input and to have access to this database is available.

## US Paper Industry Commodity Levy

While we may think that the Commodity Levies Act in New Zealand is somewhat unique and an alien concept to investors domiciled in other countries such as the US, this is not the case. From discussions with Donna Harman of the American Forest and Paper Association (AFPA) I learnt that the New Zealand and USA forestry sectors have been on a very similar levy funding path for the last two years and it was very helpful to trade experiences.

In the US the term "Check-off" is used in the way that we would use the term levy. Like here it is backed by government legislation. The primary intention is to preserve and increase markets although they are also available to be used for education, promotion, information programmes, etc. The emphasis on market development is similar to many primary sector commodity levies have been established in New Zealand for that reason. NZ forestry is something of an exception in not having marketing as its prime reason for being. Check-offs are overseen by a board, similar to our Levy Trust, but appointed by the Secretary of Agriculture rather than the industry. Tenure on the board also mirrors the set up that our forestry levy has implemented. Egg, Pork, Beef, Mangoes and Cotton are just some of the examples of US industries that have introduced a Check-off.

As in New Zealand, the levy cannot be used for lobbying purposes and the line in the US is very hard and fast on that one. It has been raised under an Act called the Research Education and Promotion Act which allows them to have a compulsory levy for those types of activities.

The AFPA are arranging to introduce a Check-off on paper and paper products. Just as here a referendum is required and this was completed in November 2013 to be introduced around March 2015 and raise around US\$25 million based on a levy of 35 cents/short ton for companies processing 100,000 short tons annually. Just as in New Zealand, they were required to achieve a 50% vote in the referendum by both the number of those voting and by volume of product. Like New Zealand, they also achieved a high (over 80%) positive response in both categories. The commodity being levied in this case was paper and the US levy will also apply to imported material.

A follow up referendum is required after 7 years and an assessment of effectiveness is required every 5 years.

### **Russian Forest Sector**

The industry is clearly pinning its future on a transformation of the industry and the development of a bio-economy. The FAO has recently completed a "Russian Federation Sector Outlook Study to 2030" <http://www.fao.org/docrep/016/i3020e/i3020e00.pdf>. The sector strategy is based on a fundamental reconstruction away from pulp to bio-refining and reference was made to the "larch project" involving a new type of pulp technology.

Paper and paperboard total production has been relatively static over the last 8 years. Despite this the FAO forecasts are for between a doubling and a tripling of production between now and 2030 which seems wildly optimistic.

I independently spoke to one of the Russian industry representatives and got a clear message that the Russian export tax, in his view, had been disruptive and

unhelpful for investment and certainty in the Russian forest sector, both on the growing and processing side.

### **Bio Packaging in reducing food loss and wastage**

Around 1/3<sup>rd</sup> of food produced for human consumption is lost between harvesting and the consumer; this is equivalent to approximately 1.3 billion tonnes of food annually. This involves a similar wastage of water. Meanwhile, the world population of 7.2 billion is forecast to increase to 9.6 billion by 2050.

In the poorest parts of the world over 90% of total food loss takes place in the pre-consumption stages, while in the richest parts of the world the biggest wastage (one-third) is by consumers. Bio packaging has the ability to help reduce loss and wastage. As well as environmental benefits, biopackaging can have other advantages such as controlled breathability and barrier with fresh products which differentiates it from materials that are oil-based. Another benefit of bio-based materials is their compostability.

Wood and non-wood fibres are a major raw material for paperboard and other fibre-based packaging which is by far the largest segment of bio-packaging. The FAO will be assembling a multi-stakeholder international coalition on bio-based packaging over the next 12 months.

### **ICFPA Activities**

All of the ICFPA policy position papers or statements have been updated over the last year. This includes positions on the carbon neutrality of biomass, climate change, forest plantations, illegal logging and sustainable forest management. The FAO is looking to strengthen its involvement in plantation forestry. There is a proposal to expand and rebrand the International Poplar Commission which has served as something of a de facto committee on forests to become the Capitals International Planted Forestry Commission.

For the Sustainability Report there is a proposal to extend the reporting on the environmental aspects and to look at such indicators No<sub>x</sub>, BOD, water consumption, energy intensity and lost time/ incident rate.

### **Recommendations on FAO Work Programme**

The ICFPA recommendations for the upcoming year can be found here: <http://www.fao.org/3/a-ml432e.pdf> and included strengthening the statistics capacity and becoming more involved in biotechnology developments globally.

## Certification

The FSC and PEFC both have upcoming international meetings where the ICFPA in one form or another is intending to have representation. ICFPA is moving to become a member of both certification bodies. PEFC has now been achieved and FSC is in the process of being applied for. It is recognised at the international level there will be more limited occasions where countries will be able to form a united position, but where this is possible the ICFPA can be an important additional voice to give support to individual countries with the certification bodies.

## Country Reports

Various country reports were tabled and key developments discussed. These are all available at <http://www.fao.org/forestry/industries/9808/en/>. The New Zealand report is attached.



David Rhodes  
Chief Executive



**ICFPA Annual Meeting &  
55<sup>th</sup> FAO Advisory Committee on Sustainable Forest-based Industries  
9 - 11 June 2014 – Hotel Astoria, St. Petersburg, the Russian Federation**

**Country Report**

Name of Country/ Organization: *New Zealand Forest Owners Association*

Name of Reporter: *David Rhodes*

**1. Major Developments in Forest Industry 2013 – 2014 (max 2 pages)**

***Overview of production and consumption***

Forestry remains New Zealand's third-largest goods export, after dairy and meat and New Zealand is now the third-largest exporter of logs in the world, after Russia and the United States. NZ has recently become the biggest softwood log exporter to China and currently supplies 10% of China's forestry imports. The increase has been staggering 40% increase in the total value of forest product exported to China over two decades from 1993 to 2013. In the 2012 to 2013 year alone log exports increased in value from \$1.6 billion to \$2.4 billion and reached 42% by value.

Despite a significant correction in prices over recent months due to heavy inventories production is still up over the previous year buoyed to an extent by the domestic market which has been stimulated by building booms in Christchurch post the earthquake and in Auckland.

According to the most recent figures from the Ministry for Primary Industries for the year ending 1 December 2013, the New Zealand forestry industry produced approximately:

<b>Product</b>	<b>Amount Produced (m<sup>3</sup>)</b>
Logs	29,877,000
Timber	4,023,000
Veneer	622,597
Plywood	359,682
Particle board	152,652
Fibreboard	702,721
<b>Product</b>	<b>Amount Produced (tonnes)</b>
Mechanical pulp	634,049
Chemical pulp	827,152
Newsprint	144,520
Paper and paperboard	603,377



Overall there has been a small increase of 4.2% in the production of New Zealand domestically processed forestry products since 2009. Areas that continue to increase are the production of logs with an 8.5% increase from the previous year and chemical pulp with 2.1%. Products such as fibreboard and particleboard show a marked decline between 2012 and 2013 (-2.5% and -6.8% respectively), coinciding with a 54% and 56.8% increase in imports of these products into New Zealand. The production of sawn timber is also trending slightly downward, although production showed a slight increase last year (0.3%). This downward trend may be due to the increasing international demand for whole log or a reflection of steadily increasing imports of sawn timber into New Zealand (86.4% increase in 2013 on the previous year), and the closure of some saw mills that were economically marginal.

In spite of this downward trend in production, the exports of wood products from New Zealand is generally increasing. Sawn timber shows a steady decreasing trend since 2002, although figures increased by 5% between 2012 and 2013. Log exports show a sharp overall increase in trend since 2005 and a 17.1% increase in exports in the last year (2013). Chemical pulp exports have been on the rise since 2010, although exports dropped by 3.4% in the last year while, in spite of a steady downward trend since 2005, there was a sudden increase of 23.6% in exports of mechanical pulp. This reflects approximately 93,685 tonnes of additional mechanical pulp provided to Vietnam, China and Indonesia in 2013, demand which may continue to increase as sources of low cost paper are sought throughout Asia and with the new Pan Pac paper mill which has been upgraded in Napier. Exports in fibreboard, particleboard and plywood continue to decline with plywood experiencing a 33.8% decrease on 2012.

Increased product is also being exported to Indonesia (increased by 11.8%) and South Korea (increase of 7.0%). 2013 saw a slight decrease of exports to India (down 3.8%) and Japan (down 6.9%).

Against the increase in production, deforestation in NZ is increasing again with harvesting outpacing re-planting or new planting. Replanting remains a concern for the industry. This is compounded by the fact that many of the forests due for harvest over the next 10 years were intended only to be one-off retirement investments and not replanted. Unaltered, this will lead to further shrinkage in the national estate and an increase in GHG emissions.

### ***Industry restructuring and investments***

2013 saw the introduction of the Harvested Wood Products Commodities Levy. This levy was introduced under new legislation which allows primary industries to hold a referendum amongst potential levy payers and, if passed, to impose a compulsory levy for industry good activities.

This levy has been placed on all plantation forest wood products (excluding bark, Christmas trees and domestic firewood) and currently is to the value of 27 cents per tonne or m<sup>3</sup> of product. Data is collected from wood processors and expert marshalling companies in order for levy invoices to be issued by the Forest Growers Levy Trust which administers the funds.

The levy is designed to provide research and promotion for the good all forest owners, regardless of whether they are members of the Forest Owners Association. Current research sponsored by the levy is looking at all parts of the growing process including improved productivity and consistency, sustainability and operational performance. The remainder of the levy will be used for the development of effective communications with levy payers, key stakeholders and the public, as well as significant programmes on health and safety, biosecurity and market promotion.



A significant advantage of the levy is that it allows for multi-year strategic funding commitments as it is subject to re-vote only every 6 years.

### ***Break through innovations and industry adoption***

In light of concerns raised within the forestry industry regarding health and safety, an independent review of industry practices has been initiated by the key forest growers and contractor associations. The overall aim of this review is to identify areas in which if addressed, could lead to a decrease in injuries and deaths within the industry. The review is scheduled to be completed before the end of the year.

Work has begun on a National Environmental Standard for forestry. This document will outline national minimum standards for environmental wellbeing that ought to be met while completing regular forestry practices. The standard has been a collaboration between the Ministry for Primary Industries, local councils and key members of the forestry industry. With this collaboration, it is likely that the Standard will be generally well received.

In spite of several processors closing their doors, the forestry industry continues to grow as indicated by the upgrade of the Pan Pac plant in Napier. This plant is now using a thermo-mechanical pulping process and is capable of processing 830 tonnes per day. There has also been the recent purchase of Carter Holt by Oji Holdings Corp and Innovation Network Corp of Japan. Oji Holdings already owns Pan Pac in New Zealand. Land at Mohaka which was leased from the government by Pan Pac has also passed into the ownership of Ngati Pahauwera as part of the Treaty Settlements.

A new multi-million debarking plant opened in May and is now operating near Northport, south of Whangarei. The 1.1 hectare operation will provide debarking and anti-sap staining services.

## **2. Better Knowledge and Systematic Collection of Data on Socioeconomic Benefits which Forest Operators and Industries Provide to People (max 1 page)**

**Caption:** *In many countries, the forest industry provides benefits to local people in and around the locations where they operate. This can include formal revenue-sharing arrangements or other arrangements whereby forest operators / investors provide some social services to local people (e.g. by providing rural infrastructure, community services, schools, health clinics, etc.). These arrangements may be mandated or be written into investment plans, forest concession or forest licence agreements, or may be voluntary (like activities showing corporate social responsibility).*

*An examination of this topic for State of the World's Forests (SOFO) 2014 showed that there is **little systematic collection of information about the important socioeconomic benefits** that are provided through such arrangements (e.g. types of benefits provided & number of people affected).*

*Please explain whether such arrangements exist in your countries / industries:*

There are few studies into this within the New Zealand forestry industry. Generally a number of communities benefit from improved infrastructure or rural fire protection as a by-product of forestry companies owning land in their area. More specifically companies also take an active role in their communities throughout New Zealand. This involvement maybe protecting land of environmental or historical importance, building bicycle trails throughout their forests, hosting sporting events, donating land to other sporting activities, building walking trails and picnic areas or sponsoring



programmes for endangered wildlife or community teams. Several companies also provide scholarships for tertiary education study.

The number of companies participating in these activities is not well documented. Agreements between forest owners and local councils have resulted in improved infrastructure in a number of regional areas. Some companies have their contributions listed on their websites, others within their annual plans.

It would be advantageous to the industry on a whole to have these contributions to their communities documented, while still providing the individual companies with recognition. Collecting this information from a completely fresh base may be time consuming. New Zealand, where a number of companies are working together for the benefit of the industry as a whole with an industry representative body, may be in a unique position to be able to collect and analyse this research. The introduction of the new levy system may make collecting data easier also via a survey or through industry membership renewal.