Poplar trees in the pulp and paper industry and impact of the CAP

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CEPI Key Figures 2002

- Companies: 895
- Mills: 1,257
- Employment: 251,100
- Turnover: 73 billion EUR
- Paper and Board production: 90 MT
- Pulp production: 39 MT
- Recovered Paper Utilisation: 43 MT
The European Paper Industry:
28% of world paper production

- CEPI: 28%
- North America: 32%
- Latin America: 5%
- Asia: 30%
- East Europe: 3%
Evolution of wood consumption in CEPI area

![Bar Chart]

- **Million m3**
- **Domestic**
- **Imported**

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>Imported</th>
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<tbody>
<tr>
<td>1991</td>
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<td>2002</td>
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Evolution of the raw material mix in CEPI area

1992
- Wood pulp: 49.3%
- Recovered paper: 36.9%
- Other pulp: 13.4%
- Non-fibrous materials: 0.4%

2002
- Wood pulp: 42.6%
- Recovered paper: 41.8%
- Other pulp: 1.1%
- Non-fibrous materials: 14.5%
Forecasts of paper and board consumption

Million tonnes

+2.7% yearly average

Extrapolation for the period 2002-2005
Forest – a growing resource

Net annual increment
Fellings

25 m³/sec. of which 12 are not used
European Union forest policies

• No legal mandate
• Scattered measures
  ● Afforestation of agricultural land
  ● Non-forest policies impacting on forests
Afforestation of agricultural land in EU

• 1 mio ha, mainly in Spain, UK, Irl, P, I
• Short rotation forestry = 4% of afforestation
• Poplars only in France and Italy (34000 ha).
• Ineligible for aid in some countries (Ireland)
Nature-oriented management

Enhance nature conservation values in the forests

Reduced harvesting

Changed wood quality and type
Climate change

- Enhance forest potential to sequester carbon
- Postponed harvesting
- Changing management practices
Renewable energy

Promote the use of wood as a source of renewable energy

Competing use of wood  Distorted wood market
Theoretical shortfall

- Forecasted industry demand
- Shortfall under historical management
- Supply of wood under historical management
- Shortfall under new management
- Supply of wood under new management

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecasted Industry Demand</th>
<th>Shortfall Historical</th>
<th>Supply Historical</th>
<th>Shortfall New</th>
<th>Supply New</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>24 million m³</td>
<td>27 million m³</td>
<td>195 million m³</td>
<td>36 million m³</td>
<td>195 million m³</td>
</tr>
</tbody>
</table>

Legend:
- Black line represents the forecasted industry demand.
- Dotted line with squares indicates the shortfall under historical management.
- Solid black line shows the supply of wood under historical management.
- Crossed line with dots represents the shortfall under new management.
- Solid dark grey line indicates the supply of wood under new management.
Poplar in European forests

• Short rotation forestry and poplar play an important role to address the challenges for European forest

• Critics for environmental and landscape reasons to be discussed on scientific basis
Poplar in the pulp and paper industry

• Up to 30% of the fibre input in some mills (probably the ceiling share)
• Finnish industry will procure 2 million m³ by 2005
• France pulp industry will reduce its poplar procurement because it is too expensive compared to wood with lower moisture content
• Utilisation in Italy for pulp production foreseen stable to around 200,000 m³
• Forecasted shortage of poplar wood in Belgium, Netherlands. Possible increasing imports from Germany
Poplar in the pulp and paper industry

• Pros and cons:
  ● fits for specific grades (catalogue)
  ● short fibre
  ● easy and soft bleaching thanks to whiter fibre
  ● less expensive/m$^3$ than other species (varying from one country to another) but high moisture content
  ● opacity, brightness
  ● quick rotation (stable income to farmers, fibre availability)
Pros and cons (cont.)

- Absorption of nitrates content in water, water table management
- Needs to be used quickly after harvesting
- Presence of vessels
- High cellulose content/poor lignin content
- Seasonal debarking problems
- Poor mechanical qualities (no use in packaging)
Future of Forestry in Europe

Next CAP reform:
• Clearer and simpler provisions, notably on forestry
• Prolongation of support to afforestation of agricultural land
• For fast growing species, support granted only for establishment costs
• Support to energy crops, where short rotation forestry might be eligible
Conclusion

- Risks from distortion in European wood markets
- Opportunities from CAP reform for contributions of poplar and short terms forestry to address challenges to European forestry
- Need of cooperation between producers and users to address political issues