

REPORT

The FAO Advisory Committee on Paper and Wood Products held its Forty-ninth Session in Bakubung, South Africa, on 10 June 2008. Mr Avrim Lazar chaired the session, which was attended by 36 participants (see Annex 1) from 20 countries. This report summarizes the main results of the discussions.

Item 1. Opening of the Session and welcome address

Mr Avrim Lazar, Chairman of the Committee, opened the Session and welcomed the Minister of Water Affairs and Forestry of the Republic of South Africa. He then gave the floor to Mr Wulf Killmann, Director, Forest Products and Industries Division, FAO Forestry Department.

Mr Killmann welcomed Her Excellency, Mrs Lindiwe Benedicta Hendricks, Minister of Water Affairs and Forestry, Republic of South Africa and, on behalf the Food and Agriculture Organization of the United Nations (FAO), thanked the participants for coming, many of them from far away, to attend this Forty-Ninth session of the FAO Advisory Committee on Paper and Wood Products.

The Director thanked the hosts, the Government of South Africa, and in particular the South African Department of Water Affairs and Forestry, who had so kindly agreed to hold the meeting in Bakubung. He also thanked Mr Mike Edwards, Chief Executive Officer, Forestry South Africa, and his team for their excellent organization of the meeting in this beautiful location.

Mr Killmann then mentioned that, since the last session, the news has been dominated by three issues - the debate about climate change and its impacts; increasing fossil fuel prices; and soaring food prices. He reminded the meeting that climate change is linked to an increase in intensity and frequency of severe weather events, such as the recent disastrous storm and flooding in Myanmar. At the 13th Conference of Parties of the UNFCCC in Bali in December last year, the international community agreed on the Bali Action Plan, which describes the road forward for negotiations of a post 2012 climate agreement. The negotiation process will consider the inclusion in such an agreement of SFM (Sustainable Forest Management) and reduction of deforestation and forest degradation. This will be a great opportunity for forestry and forest industries. The price for Brent oil has now crossed the \$US 140 / barrel mark. This has a severe impact on economies, including on the forest products industry. Lastly, Mr Killmann referred to the past year's significant increase in food prices, due to a variety of causes, amongst them rising fossil fuel prices, food production losses due to weather inclemency, perhaps even climate change, and the conversion of land previously used for food crops to biofuel crops. The previous week, the world community had discussed how to deal with this new challenge, and it was very timely that the industry should take a position on this issue.

Over the past year there had been a drastic increase in food prices. In fact, food prices had not been so high since the mid 1970s. Wheat, rice and maize prices increased by between 55 and 87 percent over the last 12 months. This has led to an increase in hunger and also in unrest. There are many reasons for this food price increment, such as: rising fossil fuel prices making agricultural inputs more expensive; commodity speculation, the exchange rate of US dollar, food production losses due to weather inclemency (such as the droughts in Australia) and land conversion for biofuels. Mr Killmann said that he would talk more later on about this subject and about the High Level Conference on World Food Security: the challenges of climate change and bioenergy, which took place in Rome the week before the session. In concluding, he mentioned that he looked forward to an intense, open and beneficial discussion and thanked the participants for their attention.

Before ending, Mr Killmann advised the participants, that last year the Committee had lost Mr Ishak from Malaysia and Mr Sadawarte from India and that Mr Mikael Eliasson, Director Setra Group Development and President Setra Building System of Sweden; Mr Masataka Hayama, President of the

Japan Paper Association (JPA); Mr Michael Peter, Executive Director of Forestry South Africa; Mr Ramesh C. Mall, Managing Director of the Emani Paper Mills Limited of India; and Mr Chaovalit Ekabut, President of the SCG Paper Public Company Limited of Thailand have been included in the membership of the ACPWP for the ongoing biennium 2007-2008.

Mr Avrim Lazar, Chairman of the ACPWP, asked Mr Michael Edwards to introduce the Minister of Water Affairs and Forestry of South Africa and invite her to address the ACPWP participants. The Minister welcomed the participants and Mr Killmann to Bakubung and thanked Mr Mike Edwards and staff of the Department. She mentioned that the venue of the meeting, in the Platinum province (North West of South Africa), is the second largest reserve of Platinum in the world. The Minister then referred to the global food crisis, escalating energy costs and water issues which are exacerbated by climate change. She mentioned the importance of the private sector in forest industries and the need to liaise with FAO in tackling the problems being faced. She then highlighted the main issues to be handled during the session, including forestry and climate change; the social contribution of forestry; the role of forests in food security and bioenergy; South Africa's role and contribution to international processes relating to forests, the Million Trees Programme and, most importantly, transformation and growth of the forest sector.

Mr Avrim Lazar thanked the Minister for her speech, which highlighted the real issue - human poverty and its alleviation, the food crisis, and climate change. He reminded the meeting that the South African industry is at forefront of the fight against poverty. Sustainable forestry and good practices are part of the solution to climate change but these issues should not be treated in isolation but should be addressed jointly by the private sector and the local communities, including people living in poverty.

Item 2. Adoption of the provisional agenda

It was suggested to switch items 9 and 10. With this modification, the Agenda was adopted.

Item 3. Forests and timber production in South Africa (including water issues)

Mr Michael Edwards, Executive Director, Forestry South Africa, made a presentation on the South African forestry industry, contrasting the South African political situations before and after 1994.

Before 1994, the forestry environment was characterized by unlimited government support (in education, research, and infrastructure); conservation focus, and exclusion of people from the forest. An inward looking focus was intent on self-sufficiency, because of the exclusion from the global economy. Impacts of afforestation were of little concern and environmental and social concerns were not an issue. Land was readily available for planting trees. Politics favoured the privileged.

Since 1994, there has been an outward looking focus intent on globalization, larger forest products companies are very much involved in the international market. There is a highly-regulated operating environment and limited government support. South Africa is subject to global dictates and global competition is the driver of business. Impacts of afforestation are a major concern. Limited land is available for forestry. The focus is on sustainable development and participatory forestry.

South Africa's entire timber production comes from plantations of fast growing exotic tree species. Much of the timber estate is now planted with genetically improved material. High growth rates and high stocking rates produce higher levels of tree stress. S.A. is a semi-arid country with lower than average rainfall. Most plantations are situated in areas of rainfall of less than 1000 mm/p.a with periods of drought being common. Fire damage is severe.

Global trade is increasing in South Africa, hugely escalating threats of importation of undesirable pests and pathogens. There is a lack of biocontrol and monitoring at ports of entry, which could lead to

devastation of the Eucalyptus plantations. Movements of timber and timber products internally are uncontrolled. The pest disease is interrelation of Climate change. It is estimated that at least 50 percent of plantations are affected, and this could result in losses of up to 20,000/p.a..

The forest industry sector in South Africa contributes around 4 percent to manufacturing GDP. In this country, 60 percent of the population lives in rural areas. The entire value chain from forestry employs 170 000 people and the average family size in rural areas is around six. .

Mr Mike Peter, successor of Mr Edwards, then briefed the meeting about water-related issues. He referred to the hydrological studies and water policies of the South African government. World awareness of the impact of forest plantations' impact on water has increased in recent years. It should be understood that plantations regulate the flow and rainfalls. Prior to 1972 there was no regulatory system covering planting and irrigation of trees. The government then introduced the Water Act 1998 which declared forestry to be a stream flow reduction system. Mr Peter also referred to the social, economic and ecological benefits provided by forest industries in South Africa (over 84 percent of the forest planted is certified by the FSC and ISO certification plays an important role).

There is an important environmental lobby in South Africa which engages in much negotiation with the government and the private sector. Environmental NGOs sometime attack parliamentarians or the private sector but the situation is changing because there is now sound evidence that land use is being managed more responsibly..

Mr Peter mentioned that South Africa's drinking water is amongst the top fifth in the world as regards quality. The Water Allocation Programme, which is focused at both social and ecological levels, facilitates people's access to water whilst at the same time contributing to the ecosystem. River water must be kept flowing all time to sustain the ecology of the catchments. During Apartheid, quality drinking water reached only a small population, but since 1994 it reaches at least 11 000 000 people. The Water Act and Water Allocation Reform Programme, which has excellent instruments for addressing the inequity present in the South Africa as result of a legacy of the Apartheid period. However, they are not implemented consistently; a plan of actions and programmes take time. One of the negative impacts of overregulation in forestry in South Africa is that much investment is lost to Mozambique, because the cost of business is so much higher in South Africa.

The chairman thanked the lecturers and invited Mr Killmann to present the Review of actions taken by FAO on the recommendations made at the 48th session of the committee.

Item 4. Review of actions taken by FAO on the recommendations made at the 48th session of the committee

Mr Killmann, the Director of FAO's Forest Products and Industries Division, made a short presentation about follow-up to recommendations made by the Committee to FAO regarding the industry's contribution to sustainable forest management and carbon sequestration. He referred to documentation on the social contribution of forest industries, public perception of forest industries and Ten Frequently Asked Questions about Forests, Deforestation and Forest Degradation, which had been prepared for the meeting. Mr Killmann advised that an Independent External Evaluation of the FAO was being carried out, and that preliminary results indicated that the activities of the ACPWP, had been highlighted as a good example of excellent collaboration between the Organization and the private sector. Mr Killmann mentioned that the new FAO Strategy for Forestry, directly linked to the FAO medium-term plan and programme budget process, is on the web open for comments and he encouraged the Committee to comment on the strategy.