

Sector expects leadership from Brazilian government at the COP-15

By **Thaís Mattos**

The pulp and paper industry expects the Brazilian government to be one of the leaders during negotiations at the 15th United Nations Framework Convention on Climate Change, a conference that will define global climate policies for the coming years. Over 200 countries will gather in December in Denmark's capital, where their representatives will negotiate proposals to reduce global greenhouse effect gas emissions, as well as the countries' particular contributions, given that climate change affects the entire world.

Brazil must take on a mature leadership role during these negotiations, in line with its growing importance on the world economic stage. The country has experience and an enormous potential in the pulp and paper industry, as well as in other sectors, including biofuel, says Carlos Aguiar, president of Fibria, a company recently formed by the merger of Votorantim Pulp and Paper with Aracruz. This opinion is shared by Fernando Fonseca, president of Celulose Nipo-Brasileira (Cenibra) and of the Brazilian Association of Planted Forests (ABRAF): "I hope that Brazil stops being a spectator and takes on the position of inductor in this process, influencing the decisions of international bodies", he says.

It is a difficult task for the Brazilian government, since the country is seen by the international community as one of the world's biggest polluters. This is due to its condition as a developing nation in which industrialization processes and economic activity are intense, as they are in China and India.

"The COP-15 also offers a rare opportunity for the country to show the world that it can continue growing following a low-carbon emission model", adds the general director of Klabin, Reinoldo Poernbacher.

Thus, it will be essential to show that what sets Brazil apart from other emerging nations is its energy matrix - one of the cleanest in the world, with more than 40% of it originating from renewable sources. Forests are another point it is important to highlight. The 6.7 million hectares of planted forests of the pulp and paper sector and of other sectors absorb great volumes of carbon dioxide from the atmosphere, thus helping to diminish the effects of global warming. These differences, among others, set Brazil apart in the negotiations.

The glass ceiling is the rate of Amazon deforestation which, despite registering a fall in the last few months, is still very high. "The prevailing image remains and needs to be changed, it is the image of a country that emits pollutants, which ends up making Brazil one of the villains of global warming", states Elizabeth de Carvalhaes, executive president of the Brazilian Association of Pulp and Paper (Bracelpa).

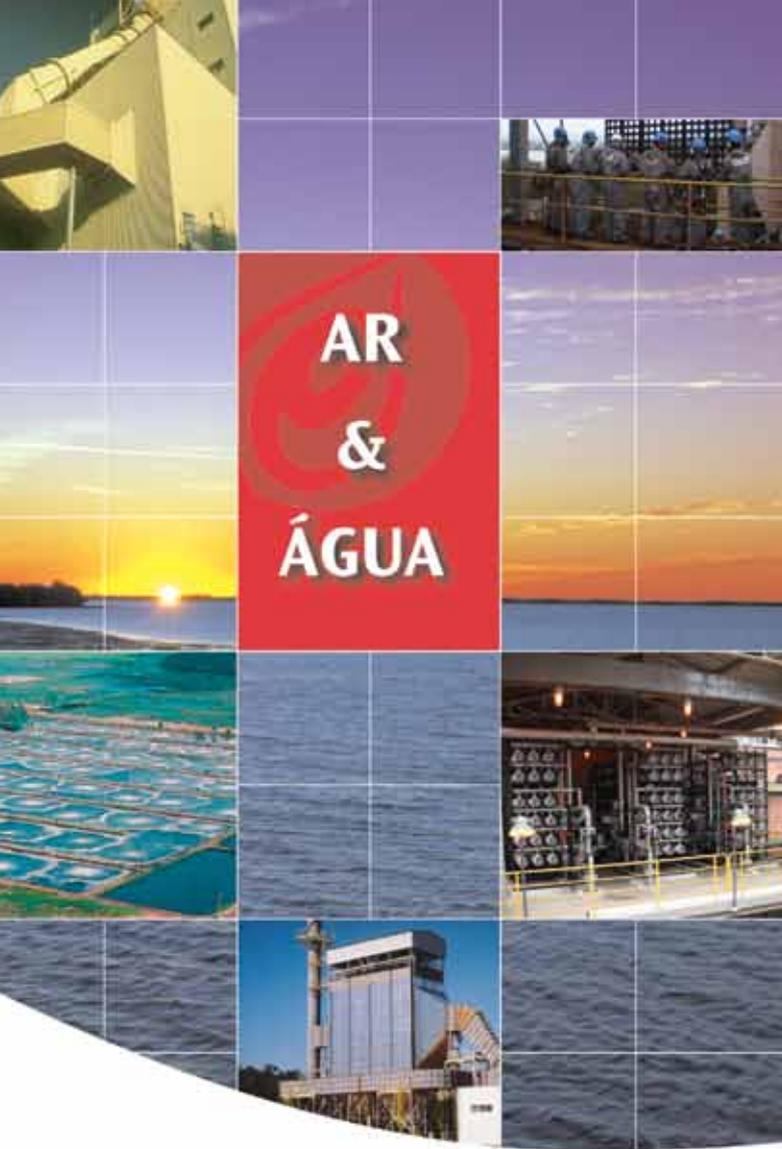
There is strong pressure for the Brazilian government to present concrete measures to solve the deforestation problem, and the actual Ministry of Foreign Affairs has confirmed that it will present a proposal in Copenhagen, as long as those countries that produce more emissions also make a commitment. "The National Climate Change Plan has been setting targets, which

is very positive. But Brazil cannot do this alone, considering that costs are high and the benefits are for the entire planet", says Aguiar. According to him, it is necessary that other economies help Brazil and other countries that have tropical forests in the fight against global warming. "A quick and efficient implementation of various instruments such as the Reduction of Emissions by Deforestation and Degradation (REDD) is of great importance, but continues to be pretty loose and very controversial", says Aguiar.

Another issue is that of barriers which, until now, have prevented the commerce of forest credits within the scope of the Clean Development Mechanism (CDM) for European Union countries that do not recognize them as eligible carbon credits created by forest absorption, whether they be native or planted.

The justification is that since forests are susceptible to natural disasters - such as storms, fires, snow storms, among others - they cannot be considered permanent eradicators of greenhouse effect gases. With this criterion, the Protocol does not recognize the benefits of forests for climate, and consequently, does not favor countries which invest in this type of clean development project.

It has been this way until now. However, the Kyoto protocol, within which the CDM was created, must be revised following the COP-15, and if changes to the mechanism occur, the pulp and paper sector will have great opportunities. The president of Fibria is optimistic about negotiations: "I expect that the CDM's



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reach will be increased”, states Carlos Aguiar. “We understand that at first there may be an argument for the European Union to restrict forest credits. But with the development of post-Kyoto mechanisms, the CDM will be more far-reaching and less restrictive so that commerce may occur and contribute amongst different initiatives to compensate and reduce emissions. The challenge we have ahead of us is so big that, in order to be successful, we will need to let go of all available instruments, from the regulatory ones to those of the market. The CDM is one of the most important ones”, adds Aguiar.

According to Fernando Fonseca, the expectation is that planted forests be positively promoted during the negotiations: “With this involvement, we will show the world the pulp and paper industry’s sustainable production conditions”, he says. “The pulp and paper sector’s planted forests are the most productive and sustainable in the world, absorbing over 63 million tons of carbon per year”, quotes Elizabeth, basing herself on Bracelpa’s data.

Poernbacher agrees that the sector is qualified to participate in COP-15 negotiations, offering effective solutions to contain the effects of climate change: “In fact, planted forests trap carbon in a permanent way, until the formation of its dynamic stock”, he says. However, on a less optimistic note, he does not believe that planted forests for competitive sectors will be included in the scope of the MCD. “It may be accepted, for example, in the production of liquid fuel, as long as there is no competing technology for this”, he says.

“We know that the challenge is huge, and that is why the sector will make its presence felt at the COP-15 every single day, accompanying the Brazilian government’s negotiations and showing participants the benefits of planted forests”, adds Elizabeth de Carvalhaes.

Executives need to evaluate the risks involved in the negotiations. “The setting of targets for the reduction of emissions according to the ‘average’ could limit our growth, considering that the sector in Brazil has evolved a lot and has low emissions levels”, highlights Klabin’s general director. According to him, the technology involved in the planting, management and harvest of forests in tropical and adjacent regions is not well-understood by developed countries. “This may lead to restrictions in the sector”, he says.

According to Aguiar, the emergence of a new economy based on climate issues is inevitable: “There will be winners and losers, as is to be expected in any major economic transformation”, he says. “In this, the pulp and paper sector has the opportunity to secure a significant position in the new economy, because it deals with renewable natural resources that absorb and recycle carbon. The main thing is for the sector to position itself in a cooperative and constructive way along with other social sectors looking for a solution to a problem that will affect all of humanity”, he concludes.

