Terms of Reference

South American Pulp and Paper Market Study

CONSULTANCY

WWF - CHILE

Valdivia, October 2014
Background on WWF

WWF is an international conservation organization, whose mission is to stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature, by:

- Conserving the world’s biological diversity;
- Ensuring that the use of renewable natural resources is sustainable;
- Promoting the reduction of pollution and wasteful consumption.

In South America, WWF focuses on six Priority Places that are threatened by pulpwood plantations and the expansion of the footprint of pulp and paper industry: The Atlantic Forest, Cerrado Woodlands and Savannahs, Chocó Darién Moist Forest, Orinoco River and Flooded Forest, Southern Chile and the Northern Andes (in the case of Colombia).

The pulp and paper activities in Argentina, Brazil, Chile, Colombia and Uruguay are of key importance in the global context, currently covering in total 11% of the global pulp production and, 33% of the global pulp exports.

In order to address this threat, WWF has been promoting Forest Stewardship Council (FSC) certification in this industry, recognizing it as the most credible and effective instrument to pursue responsible forest management. As a complement, WWF proposes the strengthening of the New Generation Plantation principles, the purpose of which is to promote the adoption of best practices in tree plantations to generate economic growth, employment and development for local communities, while maintaining the integrity of ecosystems and biodiversity conservation, along with providing a landscape scale vision. As well, WWF proposes the reduction of the ecological footprint of the P&P industry and encourages company’s efforts on transparency as key elements of continual improvement.

Since 2011, WWF Chile is leading a Pulp and Paper Southern Alliance, where the challenge is to address the consolidation of industrial transformation in South America to deliver greater conservation results. In this respect, a P&P market study will collect valuable information on the supply and demand of FSC certified P&P products and help WWF to understand the best ways to connect responsible producers, consumers and products.
Project Description

Introduction

In recent decades the pulp and paper industry has grown considerably in Argentina, Brazil, Chile, Colombia and Uruguay with increasing global demand. FSC certified fiber has increased in the last few years and raises the bar in terms of both environmental and social practice. In an international context, these advances have made it possible to secure commitments on the part of major buyers to include and progressively increase the amount of FSC certified fiber they incorporate into their products. These commitments lock in market demand which should lead to further increases in FSC certification by producers. However, it is unclear whether current production can meet the demands of large companies and buyers that have committed to increase the content of this fiber in their products and what the market landscape is for certified pulp and paper.

Executive Summary

The relevance of South America in the pulp and paper global markets is reflected with the amount to 33% of the global pulp exports and international markets continue to demand more. This scenario is a great opportunity to work in the South American region through a market strategy that will drive change towards sustainability in the production of key commodities like pulp and paper. FSC certification is an important step in the process to change the production system towards responsible production and consumption in the region and internationally.

In order to support this idea, specific objectives have to be carried out, the first being to better understand the supply and demand of FSC certified South American pulp and paper products, in terms of exports and imports. The pulp and paper industry in South America produces products that are exported to a variety of different countries, in some of which, companies working with WWF have made commitments to purchase increasing levels of FSC certified fiber used in their products. In this sense, knowledge of the contribution of South American fiber is of great importance to understanding how these commitments can be achieved. Specifically, the international portion of this study will focus on the import markets of South American pulp and paper products. On the other hand, the pulp and paper industry in South America also imports pulp and paper products from the
region and globally. In both cases, understanding this information should allow WWF to better promote FSC certified products where it counts most and develop strategy to address producer, buyer and consumer engagement with FSC pulp and papers products.

**Areas of Interest**

Argentina, Brazil, Chile, Colombia and Uruguay as producers, exporters, importers and consumers of pulp and paper products, as well as import markets for South American FSC certified pulp and paper products.

**Project Goals and Objectives**

**Primary Goal**

Produce a market study of pulp and paper flows of 5 South American countries (Argentina, Brazil, Chile, Colombia and Uruguay) and their export destinations, as well as the pulp and paper imports and internal flows of the 5 South American countries, with particular interest in the percentage of these volumes that are FSC certified, including specific products.

**Objectives and Products**

**Objective 1**: Determine the volume of pulp and paper exported from Chile, Colombia, Uruguay, Brazil and Argentina with particular interest in the percentage of these volumes that is FSC certified.

Products: 1.1) A quantification of pulp and paper volumes exported from Argentina, Brazil, Chile, Colombia and Uruguay, expressed as volumes of specific products*, 1.2) as a percentage by destination of national pulp and paper exports, and 1.3) volumes as a percentage of the total pulp and paper imports of destination countries, 1.4) as well as the proportion of exports that are FSC certified by type of certificate (100%, Mixed, Controlled Wood), product and destination country.
**Objective 2:** Determine the volume of pulp and paper imported by Chile, Colombia, Uruguay, Brazil and Argentina, with particular interest in the percentage of these volumes that is FSC certified.

Products: 2.1) A quantification of pulp and paper volumes imported Argentina, Brazil, Chile, Colombia and Uruguay, expressed as volumes of specific products*, 2.2) the distribution of volumes in percentage for each South American country by origin, 2.3) the amounts of these products that a FSC certified, as well as by type of certificate (100%, Mixed, Controlled Wood) and country of origin, and 2.4) an identification of producers, where possible.

**Objective 3:** Characterize the internal market flows of pulp and paper products within Argentina, Brazil, Chile, Colombia and Uruguay, and levels of FSC certification.

Products: 3.1) A characterization of internal production volumes of pulp and paper products and non-exported volumes, 3.2) the calculation of available pulp and paper products (non-exported volumes and imports), 3.3) identification of internal uses of pulp and paper products, and 3.4) the internal availability (volumes) of FSC certified pulp and paper products by product type within each of these countries.

*WWF is interested in defining specific products involved in pulp and paper trade flows and should be defined in the context of the proposal submitted, but as a minimum these include fiber stock (chemical woodpulp, mechanical woodpulp, semi-chemical wood pulp, recovered paper, other fiber pulp, and an aggregated "woodpulp" category), as well as the key paper categories (household and sanitary papers, newsprint, graphic paper, packaging, etc.). These flows should be presented in spreadsheets with accompanying descriptions.

The deliverables for this project will be integrated into a single final report written in English.
Methodology

The consultant will propose a method to be approved by WWF-Chile and conducted in regular communication with the WWF-Chile Forest Program.

WWF will provide information from http://www.trademap.org/ on trade flows between countries in value and quantity.

Deadlines

This study must be completed by December 31, 2014.

Budget

This study will be conducted within a maximum budget of $15,000 USD.

Payment

20% of the cost of the study will be paid upon signing the consultancy contract with WWF. This amount should represent the total expenses for the consultancy, which must be completely justified in the final financial report.

The remaining 80%, corresponding to the professional fees, of the consultant will be paid upon completion and approval of the final products.

Application Procedure

Interested parties should send the following information to trevor.walter@wwf.cl before October 27th, 2014:

Curriculum vitae

A detailed work plan along with costs, based on the terms of reference provided in this document, and including the methodology proposed to meet the objectives and products
outlined. Attach the detailed budget in an Excell spreadsheet (Indicate an itemized categorization of expenses: professional fees, travel, materials, etc.)

Contact

Questions or further information may be requested by contacting: trevor.walter@wwf.cl