

# INDUSTRY NEWS

## LATIN AMERICA

### MILLS AND CONVERTERS

#### BRAZIL

Champion Brazil selected Faxe Paper Pigments to supply its Mogi Guacu mill with its total pigment consumption. Annual consumption of Faxe filler PCC will be about 100,000 tons, and startup is expected in the second half of 1999.

#### CHILE

CMPC Group selected ABB to supply two Smart Pulp Platform systems for installation at its Pacífico and Santa Fé mills. Delivery and startup of both systems are scheduled for this month.

#### BRAZIL

### NEWS FROM CELSO FOELKEL

#### KLABIN PARANA: FIRST FSC FOREST CERTIFICATION IN THE LATIN AMERICA PULP AND PAPER SEGMENT

The Klabin Group is the largest Latin American pulp and paper corporation. Klabin will commemorate its 100th anniversary in 1999, and the company recently received an important honor: the certification of well-managed forests to its business unit in the Parana state.

In 1997, gross sales were US\$ 1.2 billion for all groups. The company is an important player in the Brazilian economy, since it has a concentration of businesses in the domestic market (80% of sales) and in Mercosul. Exports and global markets are issues of growing importance; exports of 429,000 metric tons of products have generated US\$ 224 million in 1997, mainly due to eucalyptus market pulps, both paper and dissolving grades.

A joint venture with Kimberly-Clark in the tissue-manufacturing sector is opening new ways to grow in other Latin America countries. The group shows a high level of verticalization from planted forests to finished products, such as tissue, corrugated boxes, sacks, envelopes, newsprint, etc.

Klabin is the leader in most of the markets in which it operates in Brazil. Consolidated product sales were 1.27 million metric tons in 1997, showing a 4.4% increase over the previous year. This was a combination of 8.1% growth in exports and 2.6% in sales to domestic markets. The forests planted by Klabin are located close to its pulp production units in the southern portion of the country: the states of Parana, Santa Catarina, and Rio Grande do Sul. In the forest sector, the group is well known because of the quality of its plantations, its research and development efforts, its environmental awareness, and now, the certification of forest management practices in Parana.

The Parana business unit is located in Monte Alegre, in the southern part of Brazil. This mill has two main production lines: newsprint and packaging papers—both are ISO 9002 certified. In 1997, the unit's sales were 525,000 metric tons, including 130,000 metric tons of newsprint and 395,000 metric tons of packaging papers. From this total, 108,000 metric tons were exported. In August 1997, a new production line was started up. It produces 100,000 metric tons/year of TCF-bleached pulp for internal consumption. The business unit now has the capacity to manufacture 610,000 metric tons of paper products per year.

Klabin is a pioneer in Brazil in adopting several environmentally friendly activities. In all, the group has 206,000 hectares (ha) of forests planted with eucalyptus, pines, and araucaria; these forests provide the wood used by several of the group's mills. Klabin also maintains 110,000 ha of preserved and protected native forests, a sanctuary for important species of flora and wildlife.

Because of this philosophy, which has been a company standard, Klabin decided to eco-label its forests, to guarantee that its products were made using wood coming from well-managed forests and adopting sustainable management principles. The philosophy of sustained development is well rooted in the company's history. The mills are oriented to the exclusive use of wood from planted forests, and the extensive areas of native vegetation are permanently saved to guarantee biodiversity and the balance of the ecosystems. Klabin also has strong social commitments, with programs in partnership with local communities.

Because of these positive points, all in accordance with the Forestry Stewardship Council's (FSC's) mandates, Klabin was able to achieve the honor of being FSC certified. Klabin Parana was the first pulp and paper manufacturing unit in Latin America to be awarded with this green label, which recognizes its sustainable way of managing its natural resources. The certification takes into account several environmental, social, and economic standards. It also includes the consultation of over 200 shareholders (labor unions, environmental and social NGOs, government authorities, financing banks, religious institutions, etc.).

Today, only six companies in Brazil are certified to FSC standards. Klabin is the first and only one in the pulp and paper sector.

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