



FOREST, PAPER AND PACKAGING COMPANIES ON THE BRINK OF MAJOR CHANGE (*Acknowledgement: PricewaterhouseCoopers*)

Forest, paper and fibre-based packaging (FPP) companies face a changed world requiring fundamental transformation within the industry, according to PricewaterhouseCoopers recent survey of 33 industry executives based in North and Latin America, the Middle East, Europe, Africa and Asia. The survey, for the latest edition of PwC's annual *CEO Perspectives* report, showed that while some European and North American CEOs believe the worst is over, they anticipate a long road ahead and a slow recovery. All CEOs in the mature markets agree that it's unlikely that demand will return to pre-financial crisis levels due to the rise of digital media for instance.

For executives in the emerging markets such as China, perspectives differ more than ever from those in mature markets, as they face continuing strong growth and a lack of structural decline for paper products. Every Asian CEO we spoke to was bullish on the future. Indeed, executives told us demand is already recovering somewhat and they see FPP as a growing industry for their region.

Clive Suckling, global forest, paper and packaging leader at PricewaterhouseCoopers, commented:

"The economic crisis exacerbated existing market declines and precipitated steep drops in demand in many forest, paper and packaging companies. The industry is standing on the brink of major changes and the need for transformation is generally accepted.

"Executives need to look beyond short-term survival to the long-term future of their companies and the new challenges ahead. For instance every forest, paper and packaging company needs a considered strategy around bioenergy and raise the profile of its role in creating sustainable products."

For individual companies, CEOs indicated that there is a need to:

- Adjust capacity as the first step to long term survival. Consolidation may be a precondition to achieving significant reductions.
- Improve cost structures. But not just cutting costs - increasing process innovation and efficient use of raw materials e.g. through alternative uses of wood fibre, notably by producing energy and fuels, to reduce costs in existing business and generate new revenues.
- Continue changing existing business models to maintain or restore the health of core businesses.
- Become far more innovative in every realm of existing operations and in developing new businesses and collaborations.

Furthermore, CEOs believe that too many people still have a negative perception of the industry's environmental impact, when in reality the overall footprint is significantly less than is popularly believed. For the industry, there is a need to positively influence key stakeholder groups (i.e. policymakers, customers and consumers at large) to position FPP as a truly sustainable industry that derives the most value from every tree. Potential collaborations and new revenue streams resulting from new or alternative uses of fibre and biomass (energy, chemicals etc) may fundamentally alter the structure of the entire industry in due course.

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It's finally 2010, it the year of the Soccer World cup in SA! Let's hope it will be a very good year for SA on the soccer field (and in the forests as well)! The Forest and Forest Products Industry still finds itself in trying economic times, with recovery being a long term vision, as discussed in our lead article. In the remainder of this issue, we focus on news from the branches (year-end activities in 2009 as well as happenings and forthcoming events early in the new year).

What's On?

Precision Forestry Symposium

Presented by Stellenbosch University and
Technische Universität München

1-3 March 2010

Wallenberg Research Centre
Stellenbosch

ICFR Occasional Seminar

Dr Kevin Black, (FERS, Ireland), will discuss:
Forestry and Climate change
Forest Productivity Mapping
Physiological Markers for the selection of Plus trees

Date: Friday 5th March; 3.00-4.00
Venue: ICFR Conference Room, Pietermaritzburg

ICFR Zululand Regional Field Day

Dukuduku, 31 March 2010.

The programme for this event is currently being finalised and will include talks on the following:

- Biomass and nutrient storage and fluxes
- Commercial forests fertilised from the atmosphere (atmospheric deposition).
- Volume & Taper response (coppice vs. seedling)
- In addition Fabi staff will focus on *Gonipterus*, and relevant pest problems (*Leptocybe*, *Thaumastocoris*, and Eucalypt rust)

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Clive Suckling, global forest, paper and packaging sector leader, PricewaterhouseCoopers, concluded:

"Today's forest, paper and packaging executives are facing decisions which more than ever could impact their companies for decades to come. All will need to ensure that the main house is standing on a firm foundation – but many also need to build one or more extensions, to house tomorrow's revenues."

Wrap-up of 2009: We place a short section on the last branch events of 2009 that had been received...

Annual NCT/SAIF Field day. Organic forestry practices. A necessity or a pipe dream?

The extremely well attended Joint Annual NCT/SAIF field day held at Baynesfield Estate on 10 November 2009 and designed to explore the feasibility of applying organic or biological farming methods in forestry was extremely successful on three main counts:-

- 1) The quality of presentation and content of talks presented by the four speakers viz. Dr Mike Morris (Managing Director of Plant Health Products), John Fair (founder of SA Biofarm Institute), Steven Dovey (Researcher at ICFR) and Craig Norris (Technology Manager NCT) proved yet again that there is a wealth of talent, top end knowledge, passion and high quality innovation still available within South Africa.
- 2) Based on the interest shown by the audience and the quality of the questions and interaction one can conclude that there is generally a dawning awareness of the importance of a sustainable 'ecological bottom line' and it is only a matter of time before biological farming methods and managed and monitored natural soil health interventions become the norm in South African forestry and beyond.
- 3) In a country where negativity unfortunately prevails and an economic recession has set in, there is nevertheless an underlying, positive, insatiable thirst for knowledge by forestry practitioners and a desire to continually improve farming and forestry methods, better understand natural processes and overall to become better equipped to manage natural resources.



(Left) Peter Odell discussing use of animal manure on crops as nutrient supplement, and (right) Attentive audience listening to the speakers during the indoor presentation.

To round off the day in an extremely unique and positive manner, Willem Olivier, compiler of the book "There is honey in the Forest" was present to officially launch his book and to receive the much deserved SAIF Distinguished Forestry Award for pioneering and consistently outstanding achievement in a forestry related field. Our sincere congratulations to Willem on this achievement.



(Left):
Willem 'launching' his book

All in all a very successful day and positive reference thereto is still being made in conversation in forestry circles here in KZN.

It is great to know that the SAIF contributes not only to direct technology transfer but also to influencing the psyche of forestry practitioners to the positive and the changing of habits to a more environmentally friendly approach.

*Rob Thompson
KZN Branch Chair*

Last Branch events of 2009 continued....

Western Cape Branch

Student members organised a paintball event in Jonkershoek plantation during November 2009. A large number of able-bodied SAIF Western Cape members are students, with (of course) several lecturers making up the "not-so-able-bodied-for-this-kind-of-abuse-any-more" league. Great fun was had by all and no lecturers were gravely injured in the process.



Victorious fighters after paintball event, Jonkershoek

Mpumalanga Branch

On November the 15th 2009, the Branch hosted a Family Fun Day at the York Forests Sports Grounds (Bosfees se plek) in Sabie. Although the rainy weather somewhat affected the large turnout we anticipated, the Braves (either brave or not so lekker), had loads of fun with a mountain bike ride for young and old (Thank you, Dennis), volleyball (just make sure you have Shaun McCartney on your team) games and a makeshift driving range/chipping contest to separate the low handicaps from the handicap-is-golf's (that's me).

We want to thank Bird Dog in Graskop for manning the cash bar department and the sheep-on-the-spit York Forests provided for their contractors. All were quite well received.

Thank you again to all who supported us on the day – we much appreciate it!

Riaan Webb, MPU Chair

News from the Branches 2010: Western Cape

SAIF Western Cape organized a "Fusarium information event" on Thursday 4 February 2010. Mr. Schalk van Wyk from the Department of Plant Pathology, who has recently finished his Master's Degree thesis on the topic "Management of pitch canker of pines in the Tokai forest of South Africa", presented his research findings. This was followed up with a site visit in affected compartments of Tokai plantation and a discussion on several possible remedial actions. The event was a joint effort with the Department of Forest and Wood Science, Stellenbosch University, which ensured that a large number of students attended the outing.

New addition to Forest and Wood Science Department at Stellenbosch University

Hannél Ham (pictured on the right) has joined the Department of Forest and Wood Science (Stellenbosch University), in November 2009, as the new lecturer in Forestry Development which includes the modules AgroForestry and Community Forestry. Hannél has an MSc Forestry degree (University of Stellenbosch) as well as a BSc Honors in Ecology and a diploma in Marketing Management.

Hannél started her career as a researcher at the Department of Forest and Wood Science. She was actively involved in community surveys and participatory research aimed at the identification of popular and preferred indigenous fruit tree species in the Eastern Cape and KwaZulu-Natal provinces. She also conducted provenance surveys of popular indigenous fruit tree species to identify possible genetic variation that can be used in indigenous fruit tree breeding. Her Masters research was then aptly focussed on the biological aspects that influence the domestication potential of *Englerophytum natalense* (Natal milkplum). Her research combined aspects of Community Forestry, Ecology of Natural Forests and Tree Improvement into a model for natural fruit tree domestication. Hannél was involved in the establishment of community research at the Department of Forest and Wood Science and later became involved in the initial establishment of the Commercial Products from the Wild Research Group (www.cpwild.co.za) and its research on the domestication and commercialisation of indigenous fruit trees.

During the past 11 years, Hannél worked for the Agricultural Research Council as a stone fruit breeder (apricots, Japanese plums, Interspecies and stone fruit rootstocks), germplasm manager (olives, Honeybush, Fynbos, micro-organisms, grapevine, grapes pome and stone fruit) and a small farmer extension officer. She has successfully procured international and national funding and research collaboration agreements to sustain four expensive breeding programmes. She is proficient in all areas relating to the management of research projects, including project proposal writing, financial management and administration, people management and information dissemination. She has published more than 25 publications, made presentations at a number of international symposia and is well known within the deciduous fruit industry. The main focus of her projects was to develop new cultivars to benefit commercial and small scale farmers.

Hannél is now going to apply her skills to the propagation and climatic adaptation of interspecific forest species and will focus her research work on propagation techniques for pine hybrids. She will work with a team of post graduate students and her own PhD research will concentrate on the cross pollination of pine hybrids.

Hannél's experience with communities, indigenous tree species and agriculture make her the ideal person to coordinate the Department of Forest and Wood Science's activities in Development Forestry that focuses on creation of land use systems for small scale forest operations. The integration of trees and agriculture in such systems can play an important role in addressing the needs of successful land claimants in future.



Family Fun day – Mpumalanga

The Branch is planning a Paintball "Show no Mercy" Family Fun Day on Sunday, 7 March 2010. Although that sounds fairly violent and for those that need to vent off on someone, there will also be a run for the ladies and target shooting for the kids. Venue to be confirmed (Sabie region).

We will also have the fires going for a bring-and-braai afterwards so bring your family, bring your meats & drinks and bring your fun.

"Build it, and they will come" so please shower us with your support that day – you might go home sore, but you're in for a great time!

E-mails will be sent to members or otherwise call Riaan (082 892 2967) or Noddie (082 441 1957) for more details.



Hannél Ham

NEW ZEALAND JOURNAL OF FORESTRY

We do have an exchange agreement with the New Zealand Institute of Forestry. You are now able to subscribe to the NZ Journal via the SAIF at a much reduced price.

Subscription fee for 2010 is R295. There are only two subscriptions left - so hurry!

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"There is Honey in the Forest" - Orders

Please note the attached order forms. Please also note that SAIF members & pensioners may order an unlimited number of books, but only **one** copy per member/pensioner will be supplied at the special price.

Pensioners who are not SAIF members, please submit positive ID with your order form.

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