

SPEECH – MEETING OF CII

Ladies and Gentlemen,

Charles Simmons once said, “live only for today and you ruin tomorrow.” These eight words very aptly sum up the subject.

“Once generation passeth away, another generation cometh; but the earth abideth forever,” Ecclesiastes 1 : 4. These words spoken more than 2,000 years ago still remain true.

Our ancient sages and rishis have written about nature and environment.. The Vedas which are said to be more than 5,000 years old have not one but several shlokas on maintaining “Paryavaran” that is environment.

The Atharva Veda, mantra 12.1.12, describes the relationship between the earth and us. It states

I am her son.” We are all well aware of the relationship between mother and son and how to maintain it.

Paper, is both ancient and modern. A commodity with a history of more than 2,000 years, when invented was an environment friendly, a sustainable product using no natural and or forest fiber. However solar energy and water was used. The basic process of papermaking continues to remain the same though now paper is manufactured mechanically rather than by hands, using fossil fuel for energy, and natural fiber instead of rags.

Despite predictions that the digital revolution would make paper as obsolete as the typewriter, paper remains central to our lives. Yet most of us, most of the time, give little thought to how much we depend on paper products. Think of the hundreds of times a day we touch paper-newspapers, cereal boxes, toilet paper, water bottle labels, parking tickets, streams of catalogs and junk mail, money, tissues, books, shopping bags, receipts, napkins, printer and copier paper at home and work, magazines, disposable food packaging. The list could fill a paperback.

What’s more, few people pay much heed to the ways in which our use of paper affects the environment. Yet the paper industry’s activities-and our individual use and disposal of paper in our daily lives – have enormous impacts. These include loss and degradation of forests that moderate climate change, destruction of habitat for countless plant and animals species, pollution of air and water with toxic chemicals such as mercury and dioxin, and production of methane – a potent greenhouse gas – as paper decomposes in landfills, to name just a few.

How can a product that is so interwoven in our lives have such devastating effects? And more to the point, what can we do to avoid, slow, or reverse the harmful consequences of wood harvesting, pulp and paper manufacturing, and paper use and disposal?

Paper products are crucial to society, as they have enabled literacy and cultural development. However, without changing current paper production and consumption practices, growing demand for paper continues to add pressure on the Earth's last remaining natural forests and endangered wildlife.

We need to be united and have shared interest in supporting socially and environmentally sustainable transformations within the pulp and paper industry. To achieve this transformation, the pulp and paper industry should have four key goals: minimize paper consumption, maximize recycled content, source fiber responsibly and employ cleaner production practices.

The benefits of recycling are far too many and are a major step forward towards sustainability. According to a study by Environmental Defense Paper Calculator, copy paper made from 100% recycled paper content reduces total energy consumption by 44%, net green house gas emissions by 38% particulate emissions by 41% waste water by 50% solid waste by 49% and wood use by 100% in comparison to copy paper made from 100% virgin forest fiber. We should change our thoughts & habits.

Pulp and paper companies have faced environmental issues for many years because of the resource - intensive nature of their industry. Most prominent have been allegations from NGOs against companies running logging activities in primary forest to supply fiber for their chemical or mechanical pulping operations. These allegations, as well as complaints from other civil society groups against the industry, have led governments to strengthen environmental regulations, initially in the developed world, but today the regulatory trend is global. Frequently changing regulations have thus shaped the pulp and paper industry for decades and are continuing to shape it worldwide, resulting in many innovations – a new form of raw material, recycled fiber, to name just one. Pulp and paper companies today are also, for obvious commercial reasons, intrinsically highly motivated to operate sustainably, for example, to ensure a sufficient flow of fiber into their mills from nearby forests or plantations long into the future.

According to American Forest & Paper Association, the annual paper recovery for recycling in the U.S. increased by 72% since 1990, making it a true environmental success story. According to the most recent data from the U.S. EPA, the paper industry leads the way, with a 2012 recovery rate of 64.6% as compared to only 27.7% for glass, 19.8% for aluminum, and 8.8% for plastics. In 2014, 96% of Americans had access to community paper and paperboard recycling. The US paper industry has targeted to achieve a paper recovery rate of 70%.

The environmental impact of paper is significant, which has led to changes in industry and behavior at both business and personal levels. With the use of modern technology such as the printing press and the highly mechanized harvesting of wood, disposable paper has become a cheap commodity. This has led to a high level of consumption and waste. With the rise in environmental awareness due to the lobbying by environmental organizations and with increased government regulation there is now a trend towards sustainability in the pulp and paper industry.

According to WWF International 40% of the annual industrial wood harvest is processed to make paper and paperboards. In 2010 globally 386 million tons of paper was produced out of which 53% amounting to 203 million tons was made from recycled fiber, while 47% amounting to 183 million tons was made from virgin material. But by 2020, when the global production is likely to reach 500 million tons the fiber usage shall be 70% for recycled fiber and only 30 % for virgin fiber.

People need paper products and we need sustainable, environmentally safe production. The amount of paper and paper products is enormous, so the environmental impact is also very significant. Great efforts are needed to ensure that the environment is protected during the production, use and recycling / disposal of this enormous volume of material.

The production and use of paper has a number of adverse effects on the environment which are known collectively as paper pollution. Pulp mills contribute to air, water and land pollution. Discarded paper is a major component of many landfill sites, accounting for about 35 percent by weight of municipal solid waste (before recycling) according to a report titled Figures, by US Environmental Protection Agency. Even paper recycling can be a source of pollution due to the sludge produced during de-inking, according to the 1999 Engineering Conference Proceedings of the Technical Association of the Pulp and Paper Industry.

The European Commission sponsored website” Imagine All the Water”, provides a mind boggling array of estimates about the overall amount of water required to create every day consumer products. Say for example:

One pair of shoes – 2,257 gallons

One pair of jeans – 2,636 gallons

One chocolate bar – 454 gallons

One pc of beef – 4,000 gallons

One hamburger- 632 gallons

One pc of plain-cheese pizza – 321 gallons

One slice of cheese – 40 gallons

One pint of beer – 45 gallons

One cup of coffee – 35 gallons

One apple – 22 gallons

One loaf of bread - 13 gallons

One sheet of paper – 3 gallons

Pulp and paper is the third largest industrial polluter to air, water and land in both Canada and the United States, and releases well over 100 million kg of toxic pollution each year according to a research report titled, "Environment Canada (1996) released by National Pollutant Release Inventory.

Worldwide, the pulp and paper industry is the fifth largest consumer of energy, accounting for four percent of the world's energy use. The pulp and paper industry uses more water to produce a ton of product than any other industry according to a report Paper, Printing & the Environment in 2010.

The WWF Environmental Paper Company Index (EPCI) 2015 shows a positive trend towards more transparency and sustainability by the world's more progressive pulp and paper manufacturers. The 31 voluntary participants in this year's Index together produce 15% of the world's paper and board and 15% of the world's pulp. While all participating manufacturers demonstrated outstanding transparency, more than 90% of product categories reported since 2013 shows improvement.

The pulp and paper industry has the potential to contribute to a greener economy. The EPCL 2015 signals progress in that direction, at least by the industry's most transparent companies," says Emmanuelle Neyroumande, Pulp and Paper Global Manager at WWF International. The 31 companies participating in EPCI 2015, up from 25 in 2013, disclosed the ecological footprint of 85 million tones of pulp and paper. This represents 30% of the world's tissue, 28% of the world's graphic paper, 16% of the world's newsprint, 7% of the world's packaging and 15% of the world's pulp. The EPCI is based on voluntary data disclosure by the companies. TNPL is the sole Indian papermaker participating in the EPCI.

Most players in the sector still understand the external and internal pressures to operate sustainably as a necessary cost of doing business-a "ticket to play". However, McKinsey's recent experience across multiple industries shows that paying close attention to sustainability in every aspect of management, from input sourcing to sales to stakeholder relations, can create significant long term value for many enterprises, including pulp and paper companies. Pursuing sustainability to create value goes beyond satisfying the environmental concerns of governments and consumers by replanting forests, and reducing water consumption and air pollution. It means, in addition, developing new products and market opportunities opened up by growing environmental consumer trends, extending the resource- saving mindset and techniques learned to every area of operations, and understanding and communicating the outcomes of pursuing sustainability for value may entail changes in each and every element of an organization's strategy and operations, amounting to a "sustainability transformation" in its overall way of doing business. Just sourcing sustainable or certified raw materials and decreasing energy consumption is not enough, though those will be important steps in any sustainability transformation. But such actions need to be formally tied to sustainability targets and indicators which are incorporated in the

company's performance tracking system. The company can then actively manage against its sustainability indicators.

A transformation based on sustainability doesn't mean doing everything differently. Rather, it means managing existing processes, systems and functions from day to day against a new sustainability objective. Evaluating performance against sustainability criteria is likely to uncover opportunities to make value-creating improvements in every area of the business.

In today's world of scarce raw materials, increasing energy costs and talent shortages, managing resources more sustainably will become a potential game changer for all sectors. This is especially true for resource intensive sectors like the forest product industry. If pulp and paper companies address this new reality proactively, they will both avoid unnecessary costs and capture opportunities to create significant value.

The key to success is to embed sustainability – environmental, operational and even social sustainability – as an objective into every management decision, at every level of the organization.

A recent report released by CPPRI states that the domestic production of paper and paperboard in the country in the last financial year was 15 million tons with an annual per capita consumption of 13kg. with the domestic production gradually moving northwards, the domestic players have a big task lined in front of the them. It needs to set out a road map for targets to be achieved in the next 20 years as well as adopt global best practices on sustainability. The Government of India needs to appoint an Environment Regulator without losing any more time. The domestic players should communicate with all stakeholders in a very open and transparent manner for their view point to be heard. The conspiracy of silence if continued will no longer benefit them and they will continue to remain marginal players in the global scenario.

I am reminded of the words of Hugh White," The past cannot be changed; the future is still in your power." Some believe in miracles, but good results are more often the outcome of effort and hardwork. Breakthroughs that revolutionize an industry do not happen overnight, but if the stakeholders join hands it is still feasible.

To conclude I would recite the "shanti mantra" from the yajurveda 36.17, which speaks about "peace remaining everywhere, peace of sky, peace of mid-region, peace of earth, peace of waters, peace of trees, peace of all-gods, peace of Brahman, peace of universe, peace of peace; May that peace come to me!"

Thanking You

GLOBAL PAPER INDUSTRY

The Pulp and Paper Industry is one of the largest industrial sectors in the world that produces 404 Million metric tones (MMT) of paper and paper board annually. With a production of 182 MMT, Asia is the highest contributor to the world paper production following by Europe and North America that produce 106 MMT and 85 MMT annually.

It given the region wise contribution to the global paper and paperboard production with Asia, Europe and North America contributing to 45%, 27% and 21% respectively.

With the re-emergence of China and India as the major world economies, the centre of economic activity has progressively shifted from the western to the Asian countries. Similar trends have been witnessed in the global pulp & paper board production.

GLOBAL PULP PRODUCTION

The world produces 179 MMT of pulp annually. The united state is the top pulp0 producing country in the world with a production of 49.4 MMT. Canada and China are close second and third largest producers of pulp with 17.3 MMT and 17.1 MMT respectively. The depicts the global pulp production following by contribution of 25% and 22% by Europe and Asia respectively.

GLOBAL PAPER CONSUMPTION

Globally 404 Million tones of paper and paperboard is consumed per annum. The highest consumption of paper is registered for Asia, Europe and North America. The region wise production and consumption of paper indicates that the paper utilization nearly equates the region al production. China accounts for 25% of the world demand against 26% of global production, Europe's consumption of paper is 24%. After 3 years of decline in overall consumption of paper and board, CEPI countries witnessed a rise in consumption of paper between 0.5 – 1.0 percent when compared to last year.

GLOBAL PER CAPITA PAPER CONSUMPTION

North America records the highest per capita consumption of paper in the world with 221 kg followed by the European countries 206 kg. With a per capital consumption of 13.2 kg India ranks among one of the lowest consumers of the world. India's per capita paper consumption also stands far below the world average of 57 kg. Per capita consumption of paper in different countries is as under

Country	Per Capita Consumption
North America	221 kg
EU & other Europe	206 kg
Japan	215 kg
China	75 kg
Korea, Taiwan	159 kg
Rest of Asia	23 kg
Oceania	126 kg
Latin America	47 kg
India	13.2 kg
Africa	8 kg